Board Meeting Booklet

for

March 1, 2012

Kentucky Infrastructure Authority

1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601-3646
502-573-0260
502-573-0157 fax
http://kia.ky.gov

AGENDA

KENTUCKY INFRASTRUCTURE AUTHORITY
FULL BOARD MEETING
1024 CAPITAL CENTER DRIVE, SUITE 340
March 1, 2012 – 1:00 p.m.

Call to Order: Chair Tony Wilder

- Confirmation of Press Notice
- Confirmation of Quorum
- Recognition of Members/Guests

I. BUSINESS *(Board Action Required)*

A. Minutes

1.	Consideration of Approval of the **Minutes** of the **Kentucky Infrastructure Authority Regular Board Meeting** of **February 2, 2012** ***(Attachment I.A.1.)***	Chair Tony Wilder	11

B. New Projects/Action Items

1.	Resolution and Order of the Board of Directors for Approval of a **Fund A loan (A12-11)** in the amount of **$4,500,000** to the **City of Ashland, Boyd County, Kentucky** (SX21019073) ***(Attachment I.B.1.)***	Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA	23
2.	Resolution and Order of the Board of Directors for Approval of a **Fund A loan (A12-12)** in the amount of **$46,000,000** to the **City of Murray, Calloway County, Kentucky** (SX21035001) ***(Attachment I.B.2.)***	Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA	37
3.	Resolution and Order of the Board of Directors Authorizing an **Amendment** to the **Fund A loan (A2 09-35) increasing** the amount to **$433,178** to the **Grant County Sanitary Sewer District, Grant County, Kentucky,** Funded in Whole or in Part by the American Recovery and Reinvestment Act of 2009 (SX21081303) ***(Attachment I.B.3.)***	Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA	53
4.	Resolution and Order of the Board of Directors for Approval of a **Fund A loan (A12-13)** in the amount of **$913,300** to the **Grant County Sanitary Sewer District, Grant County, Kentucky** (SX21081305) ***(Attachment I.B.4.)***	Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA	65
5.	Resolution and Order of the Board of Directors for Authorizing an **Amendment** to the **Fund A loan (A10-13) increasing** the amount to **$5,790,500** to the **Regional Water Resource Agency, Daviess County, Kentucky** (SX21059034, SX21059040) ***(Attachment I.B.5.)***	Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA	79

6.	Resolution and Order of the Board of Directors for Approval of a **Fund A loan (A12-14)** in the amount of **$357,335** to the **Regional Water Resource Agency, Daviess County, Kentucky** (SX21059025) ***(Attachment I.B.6.)***	Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA	93
7.	Resolution and Order of the Board of Directors for Approval of a **Fund A loan (A12-15)** in the amount of **$1,586,875** to the **Regional Water Resource Agency, Daviess County, Kentucky** (SX21059042) ***(Attachment I.B.7.)***	Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA	109
8.	Resolution and Order of the Board of Directors for Approval of a **Fund A loan (A12-16)** in the amount of **$1,930,000** to the **Lexington-Fayette Urban County Government, Fayette County, Kentucky** (SX21067007) ***(Attachment I.B.8.)***	Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA	125
9.	Resolution and Order of the Board of Directors for Approval of a **Fund F loan (F12-03)** in the amount of **$1,875,000** to the **City of Campbellsville, Taylor County, Kentucky** (WX21217003) ***(Attachment I.B.9.)***	Mr. Shafiq Amawi, DOW Ms. Kasi White, KIA	139
10.	Resolution and Order of the Board of Directors for Approval of a **Fund F loan (F12-05)** in the amount of **$922,850** to the **City of Centertown, Ohio County, Kentucky** (WX21183030, WX21183031) ***(Attachment I.B.10.)***	Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA	153
11.	Resolution and Order of the Board of Directors for Approval of a **Fund F loan (F12-06)** in the amount of **$3,000,000** to the **City of Sturgis, Union County, Kentucky** (WX21225034) ***(Attachment I.B.11.)***	Mr. Shafiq Amawi, DOW Ms. Kasi White, KIA	167
12.	Resolution and Order of the Board of Directors for Approval of a **Fund B loan (B12-01)** in the amount of **$505,000** to the **City of Olive Hill, Carter County, Kentucky** (WX21043022) ***(Attachment I.B.12.)***	Ms. Sandy Williams, KIA	181
13.	Resolution and Order of the Board of Directors for Approval of a **Fund B loan (B12-02)** in the amount of **$220,000** to the **City of Lewisburg, Logan County, Kentucky** (WX21141020) ***(Attachment I.B.13.)***	Ms. Kasi White, KIA	193
14.	Resolution and Order of the Board of Directors Authorizing and Approving the Issuance of Obligations of the Kentucky Infrastructure Authority to **Reimburse Capital Expenditures** made by Governmental Agencies Pursuant to Loans made by the Kentucky Infrastructure Authority to such Governmental Agencies ***(Attachment I.B.14.)***	Ms. Sandy Williams, KIA	205

II.	**EXECUTIVE DIRECTOR'S REPORT**	Mr. John Covington, KIA	
III.	**STATUS REPORTS FOR FUNDS A, A2, B, B1, C, F, F2**	Mr. John Covington, KIA	209
IV.	**ANNOUNCEMENTS/NOTIFICATIONS**	Mr. John Covington, KIA	
	Next KIA Board Meeting: ***Tentatively*** *set for* ***Thursday, April 12, 2012*** *Kentucky Infrastructure Authority* *1024 Capital Center Drive, Suite 340, Frankfort*		
V.	**ADJOURN**	Chair Tony Wilder	

ATTACHMENT

I.A.1.

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: **February 2, 2012 – 1:00 p.m.**
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340, Frankfort

Members present:

Ms. Stacia Peyton, Department for Local Government
(Proxy for Commissioner Tony Wilder, DLG)
Mr. Hank List, Energy and Environment Cabinet
(permanent proxy for Secretary Leonard K. Peters, EEC)
Mr. Jamie Link, Finance and Administration Cabinet
(permanent proxy for Secretary Lori H. Flanery, FAC)
Mr. Joe Kelly, Economic Development Cabinet
(proxy for Secretary Larry Hayes, EDC)
Mr. Jerry Wuetcher, Public Service Commission
(permanent proxy for Executive Director Jeff Derouen, PSC)
Mr. C. Ronald Lovan, representing the American Water Works Association
Ms. Linda C. Bridwell, representing for-profit private water companies
Mr. Thomas P. Calkins, representing the Kentucky Municipal Utilities Association
Mr. Damon Talley, representing the Kentucky Rural Water Association
Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities
Mr. Jody Jenkins, Union County Judge/Executive, representing the Kentucky Association of Counties

Guests:

Mr. Shafiq Amawi, Division of Water
Ms. Jennifer Kantner, Officer of Financial Management
Ms. Ashley Adams, Sanitation District No. 1
Mr. Michael Flynn, Winchester Municipal Utilities
Mr. Ron Schmitt, Jr., Sanitation District No. 1
Mr. John Hodges, Paducah McCracken Joint Sewer Agency
Ms. Amy Niehoff, Paducah McCracken Joint Sewer Agency
Mr. Terry Lawless, City of Jamestown
Mr. Ottis Skaggs, City of Jamestown
Ms. Laura Gilkerson, GRW Engineers, Inc.
Mr. Phil Meador, Kenvirons, Inc.
Mr. Brent Shelton, MuniNet Fiber Agency
Ms. Annette Dupont-Ewing, Kentucky Municipal Utilities Association
Mr. Chris Brewer, Barbourville Utility Commission
Ms. Madison Weakley, Legislative Research Commission
Mr. Greg Stacey, Sanitation District No. 1
Mr. Dennis Golem, Wells Fargo

PROCEEDINGS

Vice Chair Damon Talley called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Vice Chair Talley asked board members and guests to introduce themselves. He noted that a quorum was present and that the press had been notified regarding the meeting.

Mr. Rusty Anderson, KIA, made maps available for viewing via the Water Resource Information System (WRIS) which showed an overview of the water and sewer projects that were to be considered at this board meeting.

Mr. John Covington, KIA, introduced Adam Scott, a new employee with KIA. Mr. Scott will be working with the WRIS program and will act as liaison between KIA and the Area Development Districts and other state agencies that use WRIS. He will obtain input and information from users across the state and the area development districts to improve the WRIS portal and database. Mr. Scott has experience as a water planner from the Purchase Area Development District.

I. BUSINESS (Board Action Required)

A. 1. APPROVAL OF MINUTES
For: KIA Regular Board Meeting of January 5, 2012

Mr. Joe Kelly moved to approve the minutes of the January 5, 2012 regular board meeting. Mr. Hank List seconded, and the motion carried unanimously.

B. NEW PROJECTS/ACTION ITEMS

1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-02) IN THE AMOUNT OF $851,857 TO THE SANITATION DISTRICT NO. 1, BOONE, CAMPBELL AND KENTON COUNTIES, KENTUCKY

RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-03) IN THE AMOUNT OF $959,000 TO THE SANITATION DISTRICT NO. 1, BOONE, CAMPBELL AND KENTON COUNTIES, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented both projects to the Board.

The Sanitation District No. 1 requested a Fund A Loan in the amount of $851,857 for the Wolpert Pump Station Rehabilitation and Force Main project. This project is located in Cold Spring in Campbell County on the west side of Alexandria Pike (US 27) near the Springside neighborhood. The existing force main has experienced multiple failures due to cycle and fatigue resulting in sanitary sewer

overflows into adjacent streams. The project includes the construction of approximately 42,000 linear feet (LF) of eight-inch ductile iron force main to replace an existing six inch plastic line. It also includes the installation of 300 LF of eight inch PVC gravity sewer to realign the existing gravity sewer to follow the proposed force main alignment and allow for easier maintenance operations. Modifications will be completed at the existing Wolpert Pump Station to increase the impeller size, provide a connection for a future surge tank, and alleviate existing slope stability issues. The project did not qualify for Green Project Reserve funding and it did not qualify for additional subsidization. The term of the loan is 20 years with a 2% interest rate and an estimated annual debt service payment of $53,591. Both KIA and DOW staff recommended approval of the loan with the standard conditions. Mr. Hank List noted on page 26 of the board book that the MHI for the Commonwealth is stated as $45,916. Ms. Williams confirmed that was an error and the MHI will be corrected to read $41,197.

The Sanitation District No. 1 also requested a Fund A loan in the amount of $959.000 for the Wilder Force Main Improvements project. This project involves the replacement of a portion of the Wilder Pump Station force main (12 inch ductile iron) and surge pressure improvements. The existing force main has experienced multiple failures due to the age and type of pipe (cement lined ductile iron) and cycle fatigue caused by surge pressures. The construction of this project will replace the most problematic section of the existing force main. This project did not qualify for Green Project Reserve funding and did not qualify for additional subsidization. The term of the loan is 20 years with a 2% interest rate and an estimated annual debt service payment of $53,591. KIA and DOW staff recommended approval of the loan with the standard conditions.

Mayor David Cartmell moved to approve both Fund A Loans, A12-02 and A12-03, with the standard conditions. Mr. Tom Calkins seconded, and the motion carried unanimously.

2. **RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-04) IN THE AMOUNT OF $2,500,000 TO THE CITY OF JAMESTOWN, RUSSELL COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Jamestown requested a Fund A Loan in the amount of $2,500,000 for the Jamestown WWTP Improvements project. The project involves upgrades to the Jamestown WWTP. Phase I will rehabilitate headworks, aeration basins, disinfection systems, ras/was pumping system, yard plumbing and appurtenances, and sludge dewatering equipment and facilities to improve the performance of the plant. Phase II will upgrade and rehabilitate the final clarifiers, sludge thickening and holding basins, decolorization basins aeration and mixing system, electrical and power systems, and miscellaneous improvements to the laboratory and plant office. The proposed improvements will facilitate ongoing compliance with DOW permit requirements by improving the quality of the discharged effluent. The project did not qualify for Green Project Reserve funding. The project did qualify for $750,000 in additional subsidization under the 2011 Capitalization Grant Equivalencies. The unforgiven

balance of the loan is $1,750,000 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of $100,259. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

Mr. Hank List moved to approve the Fund A (A12-04) resolution with the standard conditions. Ms. Linda Bridwell seconded, and the motion carried unanimously.

3. **RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-05) IN THE AMOUNT OF $1,000,000 TO THE CITY OF WINCHESTER f/b/o WINCHESTER MUNICIPAL UTILITIES, CLARK COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Winchester f/b/o Winchester Municipal Utilities (WMU) requested a Fund A loan in the amount of $1,000,000 for the Bel-Air Sanitary Sewer Improvements project. This project involves the construction of an interceptor to eliminate the Bel-Air and Westside pump stations and the overflows associated with each. The project is being initiated to address environmental concerns in the Strodes Creek Sewer Shed located in the northern portion of WMU's service area. It will also address one of the issues identified in the Consent Decree. The project did not qualify for Green Project Reserve funding and it did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 2% and an estimated annual debt service payment of $62,911. Both DOW and KIA Staff recommended approval of the loan with the standard conditions.

Mr. Tom Calkins moved to approve the Fund A (A12-05) resolution with the standard conditions. Mr. Hank List seconded, and the motion carried unanimously.

4. **RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-07) IN THE AMOUNT OF $706,000 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Harrodsburg requested a Fund A loan in the amount of $706,000 for the Western Regional Pump Station Upgrade and New Wausau Force Main and Pump Station Upgrade. The project involves upgrades to the Western Regional Pump Station including two new pumps, new valves and piping, new control panel and electrical components and the installation of site fencing. Additionally, approximately 1600 LF of new force main from the expanded Wausau Paper Company's process water station will be installed, replacement of pumps and upgrades to the City's sanitary pump station. Flows from the County Sanitation District have caused the Western Regional pump station to operate at capacity. Wet weather flows are greater than expected and

an additional pump needs to be added to accommodate these flows to prevent possible overflows. The paper plant is also expanding and requires updated infrastructure to handle the increased sewage flows and the process waste water. The new force main will discharge process water directly to the wastewater treatment plant resulting in improved conditions and increased capacity in the collection system. The project did not qualify for Green Project Reserve funding, but the project did qualify for $70,600 in additional subsidization. The unforgiven balance of the loan is $635,400 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of $36,403. Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special condition: The City shall provide a copy of the commitment of $451,000 in Private Industry Contributions toward the project prior disbursement of any construction funds. If this commitment is not made available, the city may provide a commitment of alternative funds in lieu of the Private Industry.

Ms. Linda Bridwell moved to approve the Fund A (A12-07) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Mr. Ron Lovan seconded, and the motion carried unanimously.

5. **RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-08) IN THE AMOUNT OF $8,000,000 TO THE PADUCAH MCCRACKEN JOINT SEWER AGENCY, MCCRACKEN COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The Paducah McCracken Joint Sewer Agency requested a Fund A loan in the amount of $8,000,000 for the I/I, Management and Conveyance project. The project involves 1) I/I reductions, 2) replacement of pump stations, and 3) separation of combined sewers. The project will reduce I/I within the collection system, improve capacity and performance and reduce the amounts and frequencies of sanitary sewer overflows and combined sewer overflows. All of the project components are within the scope of either the Long Term Control Plan or Sanitary Sewer Overflow Plan submitted to the Kentucky Division of Water and will aid on compliance with a Consent Judgment that was entered into with the Kentucky Environmental and Public Protection Cabinet in 2007. The project did not qualify for Green Project Reserve Funding and it did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 2% and an estimated annual debt service payment of $503,290. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

Ms. Linda Bridwell moved to approve the Fund A (A12-08) resolution with the standard conditions. Mr. Hank List seconded, and the motion carried unanimously.

6. **RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED**

WASTEWATER REVOLVING FUND LOAN (A12-09) IN THE AMOUNT OF $5,651,270 TO THE CITY OF BARBOURVILLE, KNOX COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Barbourville f/b/o Barbourville Utility Commission requested a Fund A loan in the amount of $5,651,270 for the Wastewater Treatment Plant Upgrade – Phase I. The project involves the expansion of the wastewater treatment plant from 1.0 million gallon per day (MGD) capacity to 1.5 MGD. The upgrade will invoice the addition of diffused aeration and baffles inside the existing lagoon system. In addition, the following will be added or replaced: (1) blower and diffused air control system, (2) tertiary nitrification basin with integrated fixed film media, (3) secondary clarifier and flow splitter box, (4) standby generator set, (5) sludge pump station, (6) plant drainage pump station, (7) internal recycle pumps, (8) UV disinfections system (in place of chlorine), (9) post aeration basin, (10) effluent flume and flow meter, (11) emergency effluent pumps, (12) lime silo and feed pumps, (13) chemical feed system (alum and nitrifying bacteria feed) and (14) miscellaneous other improvements to the existing infrastructure and support facilities. The plant is currently operating at 90% capacity during average flows. The project did not qualify for Green Project Reserve Funding. The project did qualify for additional subsidization in the amount of the lesser of (1) 30% or (2) $1.2 million (maximum for any CWSRF project). The unforgiven balance of the loan is $4,451,270 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of $255,018. Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special condition: The Commission shall pass the necessary resolution and/or ordinance no later than April 1, 2012, to increase rates to such levels to provide additional annual revenues per the following schedule: $105,000 by Fiscal Year End 2012 (approximately 60% increase); $470,000 by Fiscal Year End 2013 (approximately 15% increase – this includes carry over from 2012 increase); $253,000 by Fiscal Year End 2014 (approximately 15% increase); and $230,519 by Fiscal Year End 2015 (approximately 15% increase).

Mr. Tom Calkins moved to approve the Fund A (A12-09) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Ms. Linda Bridwell seconded, and the motion carried unanimously.

7. **RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING THE ISSUANCE OF A CONDITIONAL COMMITMENT FOR A GOVERNMENTAL AGENCIES PROGRAM LOAN (C11-02) OF $3,173,049 TO THE MUNINET FIBER AGENCY, MCCRACKEN COUNTY, KENTUCKY**

Ms. Kasi White, KIA, presented the project to the Board. The MuniNet Fiber Agency requested a Fund C loan in the amount of $3,173,049 for the Fiber Optic Cable Build Project #2. The project is for the construction and acquisition of 144 count fiber that will extend from Paducah to the TVA Paradise Fossil Plant. It will also include the acquisition of Indefeasible Rights to Use (IRUs) from member utilities which include Hopkinsville, Glasgow, Russellville and Princeton to connect and expand their networks. In exchange for the fiber to TVA plants, TVA

will provide MuniNet fiber from the plant to Nashville, Tennessee and from Hopkinsville to Bowling Green. This will allow MuniNet to connect to Level 3 and get access to internet bandwidth at a much lower cost than they are currently paying (from $35/megabyte to $1.85/megabyte). This fiber will connect local hospitals, health care providers, emergency services, libraries, and local government agencies allowing them to perform functions not currently possible. In addition, this fiber will be open access and available to anyone. The term of the loan is 20 years with an interest rate of 3% and an estimated annual debt service payment of $218,478. KIA staff recommended approval of the loan with the standard conditions and the following special conditions: 1) A copy of the Project Participation Agreement relating to the Fiber Build Project 2 will be submitted to KIA prior to final disbursement of funds reflecting each participating member and their contribution to the entity; 2) MuniNet will furnish a copy of any amendments or restatements to the Interlocal Agreement; and 3) Notice will be provided to KIA prior to the addition of any member to MuniNet with a copy of the initial contribution summary of the new member.

Ms. Linda Bridwell moved to approve the Fund C (C11-02) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Mr. Ron Lovan seconded, and the motion carried unanimously.

7. **RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AND APPROVING THE ISSUANCE OF OBLIGATIONS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY TO REIMBURSE CAPITAL EXPENDITURES MADE BY GOVERNMENTAL AGENCIES PURSUANT TO LOANS MADE BY THE KENTUCKY INFRASTRUCTURE AUTHORITY TO SUCH GOVERNMENTAL AGENCIES**

This is a routine resolution allowing KIA to reimburse expenses that are paid out of the Authority's funds with bond proceeds. The projects listed below are covered under this resolution:

APPLICANT	FUND	AMOUNT
Sanitation District No. 1	A	$ 851,857
Sanitation District No. 1	A	$ 959,000
City of Jamestown	A	$ 2,500,000
City of Winchester f/b/o Winchester Municipal Utilities	A	$ 1,000,000
City of Harrodsburg	A	$ 706,000
Paducah McCracken Joint Sewer Agency	A	$ 8,000,000
City of Barbourville	A	$ 5,651,270
MuniNet Fiber Agency	C	$ 3,173,049

Ms. Linda Bridwell moved to approve the resolution. Mr. Jamie Link seconded, and the motion carried unanimously.

8. **RESOLUTION (THE PRELIMINARY BOND RESOLUTION) OF THE BOARD OF THE KENTUCKY INFRASTRUCTURE AUTHORITY (AUTHORITY) AUTHORIZING THE EXECUTION OF A GENERAL TRUST INDENTURE DATED AS OF MARCH 2, 2012 BY AND BETWEEN THE KENTUCKY INFRASTRUCTURE AUTHORITY AND U.S. BANK NATIONAL ASSOCIATION, LOUISVILLE, KENTUCKY; PROVIDING FOR THE ISSUANCE OF KENTUCKY INFRASTRUCTURE AUTHORITY WASTEWATER AND DRINKING WATER REVOLVING FUND PROGRAM REVENUE BONDS, SERIES 2012A IN A PRINCIPAL AMOUNT NOT TO EXCEED $135,000,000 UNDER THE TERMS OF THE SERIES TRUST INDENTURE AND THE GENERAL TRUST INDENTURE DATED AS OF MARCH 2, 2010 BETWEEN THE AUTHORITY AND U.S. BANK NATIONAL ASSOCIATION; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS, AUTHORIZING THE SALE OF SAID BONDS, AND REPEALING ALL RESOLUTIONS OR PARTS THEREOF IN CONFLICT WITH THE PROVISIONS HEREOF.**

   Ms. Sandy Williams, KIA, presented the handout Preliminary Bond Resolution. The handout included the Resolution, Exhibit A – General Trust Indenture, Exhibit B – Series 2012A Trust Indenture, and Exhibit C – Continuing Disclosure Agreement. KIA staff met with the Financing Team about two weeks ago via conference call to start the process for the issuance of the leverage bonds. The Financing Team consists of the Office of Financial Management in the Finance Administration Cabinet, Peck Shaffer and Williams as Bond Counsel, First Southwest as Financial Advisor, Morgan Stanley as Senior Underwriter, and Bass Berry and Sims as Underwriter's Counsel. KIA staff anticipates pricing the bonds at the end of March with a mid-April bond closing. This Resolution allows the Board to authorize the Executive Committee to approve the execution, delivery and performance of the purchase contract for the bonds and authorizes the Officers of the Authority to execute and deliver that purchase agreement. Through this resolution the Board will direct KIA staff to prepare the preliminary official statement and will give the Executive Director approval authority of that preliminary statement and official statement for the sale of the bonds. Lastly, it will approve the execution of the Continuing Disclosure Statement. The amount of bonds to be sold is $100,000,000 from the Clean Water Revolving Fund Program and $25,000,000 from the Drinking Water Revolving Fund Program.

   Mr. Tom Calkins moved to approve the resolution. Mr. Hank List seconded, and the motion carried unanimously.

II. EXECUTIVE DIRECTOR'S REPORT

Mr. John Covington, KIA, reported on the following items to the Board:

A. KIA staff has invited all projects that were on the 2012 priority list for the Clean Water SRF Program to apply for funding. The deadline for responses has passed and there is still approximately $25 million available to fund. Applications for other projects that have a qualifying clean water project will be considered. There are still projects remaining on the 2012 priority list for the Drinking Water SRF Program.

B. Mr. Covington asked the Board to approve moving the April board meeting to the second Thursday of the month, April 12, 2012, because staff will be attending the CIFA Conference in Washington, D.C. during the first week of April. The Board agreed to tentatively move the April meeting to April 12, 2012.

III. STATUS REPORT FOR FUNDS A, A2, B, B1, C, F, F2

IV. ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:
  Tentatively scheduled for
  Thursday, March 1, 2012
  1024 Capital Center Drive, Suite 340
  Frankfort, Kentucky

There being no further business Mr. Jamie Link moved to adjourn. Mr. Ron Lovan seconded and the motion carried unanimously. The February 2, 2012, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:

Sandy Williams

Sandy Williams, Secretary
Kentucky Infrastructure Authority

2-28-12
Date

ATTACHMENT

I.B.1.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-11) OF $4,500,000 TO THE CITY OF ASHLAND, BOYD COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Wastewater Revolving Loan Program (Fund A) with the City of Ashland, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund A loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Wastewater Revolving Fund loan for $4,500,000 of project expense including capitalized interest for the construction period, to the City of Ashland for the 37th Street Pump Station Replacement and Force Main Replacement Project. Such amounts are

subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable over 20 years at an interest rate of 2.0%. In addition to debt service, a 0.2% annual administration fee on the unpaid loan balance will be charged. From annual revenues, $11,250 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches $112,500 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

_____
TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

_____
SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

_____
PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 22, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: CWL12035
Ashland WWTP--308
Activity ID: FGL20120007
HUC 11 – 0509103040,Ohio River, near Greenup
Fund A

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the City of Ashland is entitled to receive priority for funding for the 37th Street Pump Station and Force Main Replacement project, and is eligible to receive 4,500,000.00 from the Clean Water State Revolving Fund. The following requirements have been addressed as follows:

1. Plans and specifications are expected to be submitted to DOW on June 1, 2012

2. Construction bids are expected to be opened on September 1, 2012.

3. Project specific environmental information was approved by DOW on August 8, 2011.

The binding commitment letter should include the following general conditions to satisfy federal requirements:

1. The Authority to Award (bid) package must be submitted to DOW for approval within 14 days of bid opening. DOW must perform the DBE reviews, conduct a pre-construction and project management conference.

2. Loan Agreement must be executed within six (6) months from bid opening.

3. The city must agree to expend all loan funds within six months of the date of initiation of operation.

4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated

KentuckyUnbridledSpirit.com
Kentucky UNBRIDLED SPIRIT
An Equal Opportunity Employer M/F/D

project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.

5. The borrower must receive DOW approval of the Plans and Specifications before bidding the project.

6. The borrower must receive DOW approval of the Environmental Assessment before bidding the project.

Upon compliance with the general and special conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

Please forward the draft binding commitment letter to this office for review when completed. Should you have any questions concerning this letter, do not hesitate to contact Bill Averell, Project Administrator, at (502) 564-8158, extension 4980.

Sincerely,

Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG: ba

Enclosures

C: The Honorable Thomas E. Kelley, Mayor, City of Ashland
Ryan Eastwood, P. E., City of Ashland
Brent Tippey, P. E., HDR Engineering, Inc.
Bob Sturdivant, HDR Engineering, Inc.

EXECUTIVE SUMMARY		Reviewer:	Sandy Williams
KENTUCKY INFRASTRUCTURE AUTHORITY		Date:	March 1, 2012
FUND A, FEDERALLY ASSISTED WASTEWATER		KIA Loan Number:	**A12-11**
REVOLVING LOAN FUND		WRIS Number	**SX21019073**
		HUC Code:	05090103040

BORROWER:	**CITY OF ASHLAND**
	BOYD COUNTY

BRIEF DESCRIPTION:

This project consists of the relocation and capacity upgrade of the pump station and upsizing and extension of the force main. This is an early action project to reduce CSO discharges from the Ashland Combined Sewer System as part of the CSO Long Term Control Plan. Current plans are for the existing capacity of the pump station to be upgraded from 2,800 gallons per minute (gpm) to 5,500 gpm. It also involves the construction of approximately 6,500 feet of twenty-four inch force main from the Thirty-Seventh Street pump station to the wastewater treatment plant. The new force main replaces the existing fourteen inch force main that currently discharges to the Combined Sewer System at Thirty-Fourth Street, which can contribute to other CSOs within the system. The project will reduce the frequency, volume and duration of CSOs from the Thirty-Seventh Street CSO (permitted outfall #004) and Thirty-Fourth Street CSO (permitted outfall #006) which discharges into the Ohio River. The effluent from this project will discharge directly to the wastewater treatment plant.

PROJECT FINANCING:		PROJECT BUDGET	
Fund A Loan	$ 4,500,000	Engineering Fees	400,000
		Construction	2,900,000
		Equipment	400,000
		Contingency	800,000
TOTAL	$ 4,500,000	TOTAL	$ 4,500,000

REPAYMENT				
	Rate	2.00%	Est. Annual Payment	$ 283,100
	Term	20 years	1st Payment	6 Mo. after first draw

PROFESSIONAL SERVICES	Engineer	HDR, Inc.
	Bond Counsel	Peck, Shaffer, & Williams

PROJECT SCHEDULE	
Bid Opening:	September 1, 2012
Construction Start:	November 1, 2012
Construction Stop:	December 1, 2013

DEBT PER CUSTOMER	Existing:	$ 1,461
	Proposed:	$ 2,518
OTHER DEBT	See Attached	
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached	

RESIDENTIAL RATES		Users		Avg. Bill	
	Current	9,135	$	15.76	(for 4,000 gallons)
	Additional	0	$	15.76	(for 4,000 gallons)

REGIONAL COORDINATION: This project is consistent with regional planning recommendations.

CASHFLOW	Cash Available for Debt Service	Debt Service	Income after Debt Service	Coverage Ratio
Audited 2008	1,805,422	1,072,707	732,715	1.7
Audited 2009	2,200,677	1,071,546	1,129,131	2.1
Audited 2010	1,878,333	1,041,128	837,205	1.8
Audited 2011	3,532,685	1,247,142	2,285,543	2.8
Projected 2012	4,657,260	1,106,789	3,550,471	4.2
Projected 2013	4,446,400	961,908	3,484,492	4.6
Projected 2014	4,242,152	1,733,561	2,508,591	2.4
Projected 2015	4,242,330	1,732,685	2,509,645	2.4
Projected 2016	4,252,153	1,729,395	2,522,758	2.5

Reviewer: Sandy Williams
Date: March 1, 2012
Loan Number: A12-11

KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND "A")
CITY OF ASHLAND, BOYD COUNTY
PROJECT REVIEW
SX21019073

I. PROJECT DESCRIPTION

The City of Ashland is requesting a fund A loan in the amount of $4,500,000 for the Thirty-Seventh Street Pump Station and Force Main replacement project. The project consists of the relocation and capacity upgrade of the pump station and upsizing and extension of the force main. This is an early action project to reduce CSO discharges from the Ashland Combined Sewer System as part of the CSO Long Term Control Plan. Current plans are for the existing capacity of the pump station to be upgraded from 2,800 gallons per minute (gpm) to 5,500 gpm. It also involves the construction of approximately 6,500 feet of twenty-four inch force main from the Thirty-Seventh Street pump station to the wastewater treatment plant. The new force main replaces the existing fourteen inch force main that currently discharges to the Combined Sewer System at Thirty-Fourth Street, which can contribute to other CSOs within the system. The project will reduce the frequency, volume and duration of CSOs from the Thirty-Seventh Street CSO (permitted outfall #004) and Thirty-Fourth Street CSO (permitted outfall #006) which discharges into the Ohio River. The effluent from this project will discharge directly to the wastewater treatment plant.

II. PROJECT BUDGET

	Total
Engineering Fees	400,000
Construction	2,900,000
Equipment	400,000
Contingency	800,000
Total	**$ 4,500,000**

III. PROJECT FUNDING

Funding Sources	**Amount**	**%**
Fund A Loan	4,500,000	100%
Total	4,500,000	100%

IV. KIA DEBT SERVICE

Construction Loan	$	4,500,000
Interest Rate		2.00%
Loan Term (Years)		20
Estimated Annual Debt Service	$	274,100
Administrative Fee (0.20%)	$	9,000
Total Estimated Annual Debt Service	**$**	**283,100**

V. PROJECT SCHEDULE

Bid Opening:	September 1, 2011
Construction Start:	November 1, 2011
Construction Stop:	June 1, 2012

VI. RATE STRUCTURE

A) Customers	**Current**
Residential	7,784
Commercial	1,343
Industrial	8
Total	9,135

The monthly charge for wastewater utility service is:

B) Sanitary Sewer Rates

Effective Date	7/1/2011	9/1/2009
	Inside City	Inside City
First 1,000 Gallons (minimum bill)	$3.94	$3.23
All Over 1,000 Gallons (per gallon)	3.94	3.23
Residential Bill for 4,000 gallons	$15.76	$12.92
Percentage Increase	22.0%	8.8%
Affordability Index (Rate/MHI)	0.5%	0.5%
	Outside City	Outside City
First 2,000 Gallons (minimum bill)	$11.82	$9.69
All Over 2,000 Gallons (per gallon)	5.91	4.85
Residential Bill for 4,000 gallons	$23.64	$19.38
Percentage Increase	22.0%	14.8%
Affordability Index (Rate/MHI)	0.8%	0.8%

Outside city limits is 1.5 times the City rate with a minimum charge of 2,000 gallons.

Combined Sewer Overflow (CSO) Surcharge - All Locations	
Effective Date	4/1/2010
Per 1,000 Gallons	$2.50

The CSO surcharge will increase to $3.50 per 1,000 gallons on January 1, 2015.

Effective January 1, 2011 and each January thereafter the annual percentage increase of the Water, Sewer and Garbage line item for the U.S. Department of Labor Consumer Price Index starting with the percentage for 2009 shall be applied one year later on January 1, 2011. The 2010 annual percentage rate shall be applied on January 1, 2012 in the like manner, and annually thereafter similar adjustments shall be applied to each user charge per 1,000 gallons.

VII. DEMOGRAPHICS

In 2010, the City's population was 21,303 with a Median Household Income (MHI) of $35,017. The median household income for the Commonwealth is $41,197. Based on median household income, the project will qualify for a 2.0% interest rate.

VIII. 2010 CAPITALIZATION GRANT EQUIVALENCIES

1) Green Project Reserve - This project qualifies for Green Project Reserve (GPR) funding for $3,950,000. The breakdown of the GPR to the respective "green" categories is listed below:

    a. Green Infrastructure - $0
    b. Water Efficiency - $0
    c. Energy Efficiency - $3,950,000
    d. Environmentally Innovative - $0

2) Additional Subsidization – This project does not qualify for additional subsidization.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information for the City of Ashland Utility Fund was obtained from audited financial statements of for the years ended June 30, 2008 through June 30, 2011. The Utility Fund is a component unit of the City of Ashland and includes water and wastewater services for the City and surrounding communities.

HISTORICAL

Revenues have increased 34% from $11,222,578 in 2008 to $15,034,119 in 2011. The increase is primarily due to increases in both water and sewer rates. A Combined Sewer Overflow surcharge of $2.50 per month per 1,000 gallons of water used was also

added in mid 2010. During the same period, operating expenses rose 21% from $9,489,942 to $11,513,257. The debt coverage ratio ranged from a low of 1.7 in 2008 to a high of 2.8 in 2011.

The balance sheet reflects a current ratio of 3.6 and a debt to equity ratio of 0.6.

PROJECTED

Projections are based on the following assumptions:

- Base sewer and water rates will increase 2% annually for adjustments to the Consumer Price Index
- Expenses will increase by 4% annually
- A replacement reserve of $11,250 will be funded annually.
- The new debt service is estimated at $283,100 annually and will increase overall debt service to about $1,730,000 for each of years 2014 through 2016.

Debt service coverage is 2.4 in 2014 when principal and interest repayments begin.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

REPLACEMENT RESERVE

The annual replacement cost is $11,250. This amount should be added to the replacement account each December 1 until the balance reaches $112,500 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	Outstanding	Maturity
2004 Water and Sewer Revenue Bond	$ 5,515,000	2024
Various Capital Leases	22,912	Various
KIA Fund F (F01-01)	1,457,189	2023
KIA Fund A (F03-01)	3,038,753	2025
KIA Fund A (A10-01 i/a/o $7,709,331)	3,318,239	Est Dec 2031
Total	**$13,352,093**	

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

Project Title	Funding Source	Amount	Type
Water and Sewer Line Extensions	HB 267	$200,000	Grant
Water and Sewer Line Extensions	HB 267	$200,000	Grant

XII. CONTACTS

Applicant	
Name	City of Ashland
Address	1700 Greenup Avenue, P.O. Box 1839 Ashland, KY 41105-1839
County	Boyd
Contact	Thomas E. Kelley
Phone	(606) 327-2001
Email	mayorsoffice@ashlandky.org

Applicant Contact	
Name	City of Ashland
Address	1700 Greenup Avenue, P.O. Box 1839 Ashland, KY 41105-1839
Contact	Ryan Eastwood
Phone	(606) 327-2008
Email	reastwood@ashlandky.org

Engineer	
Name	Brent Tippey, P.E.
Firm	HDR, Inc.
Address	2517 Sir Barton Way Lexington, KY 40509
Phone	(859) 223-3755
Email	brent.tippey@hdrinc.com

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

CITY OF ASHLAND
BALANCE SHEETS (JUNE YEAR END)

ASSETS	Audited 2008	Audited 2009	Audited 2010	Audited 2011	Upon Completion 2014
Current Assets					
Cash & Cash Equivalents	683,740	229,435	194,160	14,064	5,057,600
Accounts Receivable	1,745,109	1,740,504	2,096,851	3,812,501	2,827,800
Grants Receivable	200,000	0	0	0	0
Inventories	408,224	375,772	418,742	424,183	425,000
Total Current Assets	3,037,073	2,345,711	2,709,753	4,250,748	8,310,400
Restricted Assets					
Cash	1,874,476	1,893,671	2,127,274	3,172,418	3,300,000
Total Restricted Assets	1,874,476	1,893,671	2,127,274	3,172,418	3,300,000
Utility Plant					
Land, System, Building and Equipment	81,749,439	82,704,533	84,292,448	84,729,885	98,179,980
Construction In Progress	532,253	102,973	202,313	4,059,003	6,823,239
Total	82,281,692	82,807,506	84,494,761	88,788,888	105,003,219
Less Accumulated Depreciation ( )	(37,507,823)	(39,575,936)	(41,556,514)	(43,526,839)	(50,190,889)
Net Fixed Assets	44,773,869	43,231,570	42,938,247	45,262,049	54,812,330
Other Assets					
Net Pension Asset	1,394,781	1,739,532	2,024,553	2,284,263	2,284,263
Deferred Bond Issuance Costs	127,827	119,668	111,508	103,350	78,876
Total Other Assets	1,522,608	1,859,200	2,136,061	2,387,613	2,363,139
Total Assets	51,208,026	49,330,152	49,911,335	55,072,828	68,785,869
LIABILITIES					
Current Liabilities					
Accounts Payable	294,048	394,281	425,947	393,675	430,179
Due To Other Funds	4,296,308	2,954,007	4,573,151	5,943,616	5,943,616
Accrued Liabilities	348,820	623,038	658,578	672,689	735,065
Customer Deposits	135,303	134,293	132,481	130,770	142,896
Total Current Liabilities	5,074,479	4,105,619	5,790,157	7,140,750	7,251,757
Liabilities Payable - Restricted Assets					
Matured Revenue Bonds and Notes	85,000	85,000	85,000	50,000	50,000
Customer Deposits	820,897	866,967	915,887	955,427	950,000
Current Portion - Revenue Bonds	400,000	415,000	435,000	450,000	350,000
Current Portion - Long Term Debt	254,569	263,011	271,742	280,764	309,691
Current Portion - Capital Lease	0	26,650	44,012	3,539	4,658
Total Liabilities Payable - Restricted Assets	1,560,466	1,656,628	1,751,641	1,739,730	1,664,349
Long Term Liabilities					
Bonds Payable	6,365,000	5,950,000	5,515,000	5,065,000	3,960,000
Notes Payable	5,030,698	4,767,687	4,495,942	7,533,417	6,662,834
KIA (A10-01) Advances	0	0	0	0	7,709,331
Proposed KIA Loan	0	0	0	0	4,005,000
Capital Lease Obligations	0	78,935	100,138	10,990	0
Total Long Term Liabilities	11,395,698	10,796,622	10,111,080	12,609,407	22,337,165
Total Liabilities	18,030,643	16,558,869	17,652,878	21,489,887	31,253,271
Retained Earnings:					
Invested in Capital Assets Net of Related Debt	32,638,602	31,645,287	31,991,413	31,868,339	31,760,816
Restricted	662,246	662,246	662,246	662,246	662,246
Unrestricted	(123,465)	463,750	(613,160)	834,398	4,891,578
Other	0	0	217,958	217,958	217,958
Total Retained Earnings	33,177,383	32,771,283	32,258,457	33,582,941	37,532,598
Total Liabilities and Equities	51,208,026	49,330,152	49,911,335	55,072,828	68,785,869

EXHIBIT 1
CITY OF ASHLAND
CASH FLOW ANALYSIS (JUNE YEAR END)

	Audited	%	Audited	%	Audited	%	Audited	Projected	Projected	Projected	Projected	Projected
Operating Revenues	**2008**	**Change**	**2009**	**Change**	**2010**	**Change**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Residential & Commercial Meter Sales	2,807,682	16%	3,260,751	4%	3,381,998	-2%	3,313,996	3,724,932	3,799,431	3,875,420	3,952,928	4,031,987
Sewer Service	3,567,170	1%	3,601,668	17%	4,222,500	39%	5,888,365	6,618,522	6,750,892	6,885,910	7,242,868	7,606,965
Industrial Meter Sales	3,211,987	5%	3,357,504	0%	3,346,372	7%	3,580,748	4,024,761	4,105,256	4,187,361	4,271,108	4,356,530
Other Municipalities	818,005	7%	872,389	30%	1,130,822	26%	1,428,649	1,428,649	1,428,649	1,428,649	1,428,649	1,428,649
Industrial Pretreatment	60,614	-28%	43,495	120%	95,698	9%	104,238	104,238	104,238	104,238	104,238	104,238
Water & Sewer Taps	172,827	-60%	68,806	6%	72,878	26%	92,156	92,156	92,156	92,156	92,156	92,156
Miscellaneous	584,293	51%	881,463	-43%	503,598	24%	625,967	625,967	625,967	625,967	625,967	625,967
Total Revenues	11,222,578	8%	12,086,076	6%	12,753,866	18%	15,034,119	16,619,225	16,906,589	17,199,701	17,717,914	18,246,492
Operating Expenses												
Administration	1,167,090	-12%	1,024,163	23%	1,261,732	18%	1,492,003	1,551,683	1,613,750	1,678,300	1,745,432	1,815,249
Operating Expenses - Water	3,978,268	19%	4,727,699	3%	4,892,815	4%	5,101,524	5,305,585	5,517,808	5,738,520	5,968,061	6,206,783
Operating Expenses - Sewer	2,719,146	-2%	2,673,440	13%	3,018,442	5%	3,155,039	3,281,241	3,412,491	3,548,991	3,690,951	3,838,589
Depreciation & Amortization	2,121,065	-1%	2,096,800	-4%	2,021,480	-1%	1,993,575	2,043,575	2,093,575	2,526,900	2,526,900	2,526,900
All Other Operating Expenses	1,625,438	0%	1,623,877	6%	1,724,657	2%	1,764,691	1,835,279	1,908,690	1,985,038	2,064,440	2,147,018
Replacement Reserve	32,000		32,000		32,000		32,650	32,650	51,923	51,173	51,173	31,173
Total Expenses	11,643,007	5%	12,177,979	6%	12,951,126	5%	13,539,482	14,050,013	14,598,237	15,528,922	16,046,957	16,565,712
Net Operating Income	(420,429)	-78%	(91,903)	115%	(197,260)	-858%	1,494,637	2,569,212	2,308,352	1,670,779	1,670,957	1,680,780
Non-Operating Income and Expenses												
Interest Income	104,786	-32%	70,780	-24%	54,113	-18%	44,473	44,473	44,473	44,473	44,473	44,473
Other	0		125,000		0			0	0	0	0	0
Total Non-Operating Income & Expenses	104,786	87%	195,780	-72%	54,113	-18%	44,473	44,473	44,473	44,473	44,473	44,473
Add Non-Cash Expenses												
Depreciation	2,121,065	-1%	2,096,800	-4%	2,021,480	-1%	1,993,575	2,043,575	2,093,575	2,526,900	2,526,900	2,526,900
Cash Available for Debt Service	**1,805,422**	**22%**	**2,200,677**	**-15%**	**1,878,333**	**88%**	**3,532,685**	**4,657,260**	**4,446,400**	**4,242,152**	**4,242,330**	**4,252,153**
Debt Service												
Existing Principal	641,401		654,569		639,449		871,363	735,903	616,122	641,812	664,349	684,994
Existing Interest	431,306		416,977		401,679		375,779	370,886	345,786	323,646	300,233	276,298
KIA A10-01	0		0		0		0	0	0	485,003	485,003	485,003
Proposed KIA Loan	0		0		0		0	0	0	283,100	283,100	283,100
Total Debt Service	1,072,707		1,071,546		1,041,128		1,247,142	1,106,789	961,908	1,733,561	1,732,685	1,729,395
Income After Debt Service	732,715		1,129,131		837,205		2,285,543	3,550,471	3,484,492	2,508,591	2,509,645	2,522,758
Debt Coverage Ratio	1.7		2.1		1.8		2.8	4.2	4.6	2.4	2.4	2.5

2/24/2012 11:26 AM, Cashflow
K:\2 Loan Team\Fund A Loans\Ashland - 37th St (A12-11)\Executive Summary, Ashland (A12-11).xls

ATTACHMENT

I.B.2.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-12) OF $46,000,000 TO THE CITY OF MURRAY, CALLOWAY COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Wastewater Revolving Loan Program (Fund A) with the City of Murray, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund A loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Wastewater Revolving Fund loan for $46,000,000 of project expense including capitalized interest for the construction period, to the City of Murray for the Bee Creek Wastewater Treatment Plant and Collection System Improvements Project. Such amounts

are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. Principal forgiveness of 2.6% will be deducted from the approved loan amount. The unforgiven principal balance of $44,800,000 shall be repaid.

Section 4. The unforgiven principal shall be repayable over 20 years at an interest rate of 1.0%. In addition to debt service, a 0.2% annual administration fee on the unpaid, unforgiven principal balance will be charged. From annual revenues, $115,000 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches $1,500,000 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 5. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

_____
TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

_____
SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

_____
PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 23, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: CWL12114; Fund A
Murray WWTP--515
Activity ID: FGL20120003
HUC11: 06040006040
Watershed Name: Clarks River
Project Name: Bee Creek WWTP and Collection System Improvements
Binding Commitment

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the City of Murray is entitled to receive priority for funding for their Bee Creek WWTP and Collection System Improvements project and is eligible to receive $46,000,000.00 from the Clean Water State Revolving Fund. The following information is provided:

1. Project specific environmental information was submitted to DOW in December 2011.

2. Plans and specifications are expected to be submitted to DOW in April 2014.

3. Construction bids are expected to be opened in September 2014.

The KIA conditional commitment letter should include the following general conditions to satisfy federal requirements:

1. The project must have undergone a complete environmental review resulting in a State Planning and Environmental Assessment Report (SPEAR), a Categorical Exclusion Determination (CED), or an Environmental Impact Statement (EIS) with Record of Decision issued by the Department for Environmental Protection before bidding the project.

2. The borrower must receive DOW approval of the Plans and Specifications with regard to SRF funding before bidding the project.

3. The Authority to Award (bid) package must be submitted to DOW for approval before the contract can be awarded. DOW must perform the Disadvantaged Business Enterprise (DBE) reviews and conduct a preconstruction and project management conference.

4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.

5. The borrower must complete and submit any missing or incomplete parts of the Application to KIA upon request.

6. Loan Agreement must be executed within six (6) months from bid opening.

7. The city must agree to expend all loan funds within six months of the date of initiation of operation

Upon compliance with the general conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

The SRF application review has been completed by staff of the KIA. If you have any questions or concerns regarding missing items or additional submission requirements, please contact Sandy Williams at (502) 573-0260. Should you have any questions concerning this letter, do not hesitate to contact Joel Murphy, Project Manager, at (502) 564-8158, extension 4592.

Sincerely,

Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:jjm

Enclosures

c: Honorable Bill Wells, City of Murray
Peyton Mastera, City of Murray
Todd Solomon, GRW Engineers

EXECUTIVE SUMMARY		Reviewer:	Sandy Williams
KENTUCKY INFRASTRUCTURE AUTHORITY		Date:	March 1, 2012
FUND A, FEDERALLY ASSISTED WASTEWATER		KIA Loan Number:	**A12-12**
REVOLVING LOAN FUND		WRIS Number	**SX21035001**
		HUC Code:	06040006040

BORROWER:	**CITY OF MURRAY**
	CALLOWAY COUNTY

BRIEF DESCRIPTION:

This project involves the upgrade and increase the capacity of the Bee Creek Wastewater Treatment Plant and collection system. The upgrade will increase the capacity of the plant from 5.25 million gallons per day (MGD) to 8.75 MGD. The proposed improvements will resolve KPDES permit violations, Whole Effluent Toxicity (WET) test failures, and existing sanitary sewer overflows while providing capacity to treat current and projected flows.

PROJECT FINANCING:		PROJECT BUDGET	
Fund A Loan	$ 46,000,000	Administrative Expenses	$ 100,000
		Legal Expenses	100,000
		Land, Easements	100,000
		Engineering Fees	4,430,000
		Construction	33,800,000
		Equipment	90,000
		Contingency	5,050,000
		Other	2,330,000
TOTAL	$ 46,000,000	TOTAL	$ 46,000,000

REPAYMENT				
	Rate	1.0%	Est. Annual Payment	$ 2,566,638
	Term	20 years	1st Payment	6 Mo. after first draw

PROFESSIONAL SERVICES		
	Engineer	GRW Engineers
	Bond Counsel	Peck, Shaffer, & Williams

PROJECT SCHEDULE	
Bid Opening:	September 1, 2014
Construction Start:	October 1, 2014
Construction Stop:	April 1, 2017

DEBT PER CUSTOMER		
	Existing:	$ 467
	Proposed:	$ 6,111

OTHER DEBT	
	See Attached

OTHER STATE-FUNDED PROJECTS LAST 5 YRS	
	See Attached

RESIDENTIAL RATES		Users		Avg. Bill	
	Current	7,581	$	18.16	(for 4,000 gallons)
	Additional	0	$	18.16	(for 4,000 gallons)

REGIONAL COORDINATION	
	This project is consistent with regional planning recommendations.

CASHFLOW	Cash Available for Debt Service	Debt Service	Income after Debt Service	Coverage Ratio
Audited 2008	1,584,700	951,107	633,593	1.7
Audited 2009	1,095,933	957,714	138,219	1.1
Audited 2010	1,124,614	1,020,310	104,304	1.1
Audited 2011	1,001,146	1,022,283	(21,137)	1.0
Projected 2012	800,486	523,144	277,342	1.5
Projected 2013	1,169,985	525,698	644,287	2.2
Projected 2014	1,636,197	527,007	1,109,190	3.1
Projected 2015	2,220,217	211,440	2,008,777	10.5
Projected 2016	2,947,601	214,093	2,733,508	13.8
Projected 2017	3,357,191	208,776	3,148,415	16.1
Projected 2018	2,959,863	2,780,013	179,850	1.1
Projected 2019	2,865,670	2,778,119	87,551	1.0
Projected 2020	2,766,177	2,735,230	30,947	1.0

Reviewer: Sandy Williams
Date: March 1, 2012
Loan Number: A12-12

KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND "A")
CITY OF MURRAY, CALLOWAY COUNTY
PROJECT REVIEW
SX21035001

I. PROJECT DESCRIPTION

The City of Murray is requesting a Fund A loan in the amount of $46,000,000 for the Bee Creek Wastewater Treatment Plant and Collection System Improvements Project. This multi-year project involves an upgrade and increase in capacity of the plant and collection system from 5.25 million gallons per day (MGD) to 8.75 MGD. The proposed improvements will resolve KPDES permit violations, Whole Effluent Toxicity (WET) test failures, and existing sanitary sewer overflows while providing capacity to treat current and projected flows.

The project's proposed improvements include an equalization tank, new influent pump station, new screening facility, new grit removal facility, additional biological treatment capacity including biological nutrient removal (BNR) using a new vertical loop reactor (VLR), three additional clarifiers, upgraded effluent pump station, UV disinfection, storm water pump station, new RAS pump station, upgraded WAS pump station, upgraded non-potable water pump station, new sludge dewatering unit and an additional sludge holding tank. Additionally, the project will rehabilitate and upgrade the existing wastewater collection system capacity to accommodate current wastewater flows and future growth. Proposed collection system improvements include 5,200 linear feet (LF) of eight inch, 2,400 LF of ten inch, 5,300 LF of fifteen inch, 9,810 LF of eighteen inch, 12,820 LF of twenty-four inch, 6,690 LF of thirty inch and 260 LF of thirty-six inch gravity sewers, main collection system pump static upgrade including additional wet well and pumps, and 2,320 LF of eighteen inch force main.

The City is currently under an Agreed Order due to NPDES permit violations at the treatment plant and SSOs in the collection system. The City is also under a Toxicity Reduction Evaluation (TRE) Plan due to the WET failures and has received a Notice of Violation Letter from EPA Region 4 with respect to the same issues.

There are seventeen new housing developments located in the planning area with approximately 327 out of 515 of the lots not yet developed. Project start dates range over the twenty year planning period.

This project will contribute $5,510,000 to KIA's Green Reserve requirement.

II. PROJECT BUDGET

	Total
Administrative Expenses	$ 100,000
Legal Expenses	100,000
Land, Easements	100,000
Engineering Fees	4,430,000
Construction	33,800,000
Equipment	90,000
Contingency	5,050,000
Other	2,330,000
Total	**$46,000,000**

III. PROJECT FUNDING

	Amount	%
Fund A Loan	$46,000,000	100%
Total	**$46,000,000**	**100%**

IV. KIA DEBT SERVICE

Construction Loan	$46,000,000
Less: Principal Forgiveness (2.6%)	1,200,000
Amortized Loan Amount	$44,800,000
Interest Rate	1.0%
Loan Term (Years)	20
Estimated Annual Debt Service	$ 2,477,038
Administrative Fee (0.20%)	$ 89,600
Total Estimated Annual Debt Service	**$ 2,566,638**

V. PROJECT SCHEDULE

Bid Opening	September 2014
Construction Start	October 2014
Construction Stop	April 2017

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers	Current
Residential	6,421
Commercial	1,151
Industrial	9
Total	7,581

B) Rates

Inside City	Prior	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016
Date of Last Rate Increase	6/1/2005	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016
Minimum (2,000 gallons)	$6.90	$8.28	$9.94	$11.92	$14.31	$17.17
Next 4,000 Gallons (per 1,000)	2.43	2.92	3.50	4.20	5.04	6.05
Next 4,000 Gallons	2.03	2.44	2.92	3.51	4.21	5.05
Next 50,000 Gallons	1.69	2.03	2.43	2.92	3.50	4.21
All Over 60,000 Gallons	1.66	1.99	2.39	2.87	3.44	4.13
Cost for 4,000 gallons	$11.76	$14.12	$16.94	$20.32	$24.39	$29.27
Increase %		20.1%	20.0%	20.0%	20.0%	20.0%
Affordability Index (Rate/MHI)	0.5%	0.6%	0.7%	0.9%	1.0%	1.3%

Outside City	Prior	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016
Date of Last Rate Increase	6/1/2005	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016
Minimum (2,000 gallons)	$12.76	$15.31	$18.37	$22.05	$26.46	$31.75
Next 4,000 Gallons (per 1,000)	4.49	5.39	6.47	7.76	9.31	11.17
Next 4,000 Gallons	3.75	4.50	5.40	6.48	7.78	9.33
Next 50,000 Gallons	3.12	3.74	4.49	5.39	6.47	7.76
All Over 60,000 Gallons	3.07	3.68	4.42	5.30	6.37	7.64
Cost for 4,000 gallons	$21.74	$26.09	$31.31	$37.57	$45.08	$54.09
Increase %		20.0%	20.0%	20.0%	20.0%	20.0%
Affordability Index (Rate/MHI)	0.9%	1.1%	1.3%	1.6%	1.9%	2.3%

VII. DEMOGRAPHICS

In 2010, the City's population was 16,283 with a Median Household Income (MHI) of $28,013. The median household income for the Commonwealth is $41,197. The loan qualifies for a 1% interest rate based on the City's MHI.

VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

1) Green Project Reserve - This project qualifies for Green Project Reserve (GPR) funding for $5,510,000. The breakdown of the GPR to the respective "green" categories is listed below:
    a. Green Infrastructure - $10,000 (permeable pavers)
    b. Water Efficiency - $15,000 (pumps to reuse treated effluent)
    c. Energy Efficiency - $1,500,000 (energy efficient blowers for sludge tanks and vertical loop reactor, lighting and HVAC, influent, RAS, effluent and SW pumps; VFD on activated sludge aerators)

d. Environmentally Innovative - $3,985,000 (biological nutrient removal for phosphorus and nitrogen, UV light disinfection to reduce chlorine exposure)

2) Additional Subsidization – This project qualifies for additional subsidization (in the amount of $1,200,000.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from the audited financial statements for the years ended June 30, 2008 through 2011 for the Water and Sewer Fund.

HISTORICAL

Revenues declined slightly from $4,815,306 in 2008 to $4,803,213 in 2011 while sewer customers increased about 4.4% during the same period. In 2011 sewer revenues were $2,068,222 or 48% of total service revenues. Sewer and water rates have not increased since June 2005. Operating and administrative expenses have increased 14% from $3,291,174 to $3,757,554.

Cash available for debt service has declined by 37% and the debt coverage ratio has declined from 1.7 in 2008 to just under 1.0 (-$21,137) in 2011. A bond issue matured in 2011 and debt service requirements are projected to decline from $1,022,283 in 2011 to about $525,000 for each of years 2012 through 2014.

The balance sheet reflects a debt to equity ratio of 0.2. Restricted reserves are maintained for customer deposits, debt service and renewal and replacement. The latter account is approximately 3% of net fixed assets.

PROJECTIONS

Projections are based on the following assumptions:

- Water and sewer revenues will increase by 1% annually for growth.
- Sewer revenues will increase 20% for each calendar year from 2012 through 2016.
- Expenses will increase 4% annually.
- Incremental operating expense from this project is $200,000 beginning in 2018
- Debt service from this project is estimated at $2,566,638 annually beginning in 2018.
- A replacement reserve of $115,000 will need to be funded annually for ten years. Total replacement reserve funding required for KIA loans in 2018 will be $122,500.
- Debt service coverage is 1.1 in 2018 when principal and interest repayments begin.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

REPLACEMENT RESERVE

The annual replacement cost is $115,000. This amount should be added to the replacement account each December 1 until the balance reaches $1,150,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	Outstanding	Maturity
KADD Financing Trust	$ 1,035,000	May-23
KIA (A91-17)	904,947	Jun-14
KIA (A07-06)	1,115,693	Jun-29
Series 2001 Revenue Bonds	483,000	2041
Total	**$ 3,538,640**	

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

Project Title	Funding Source	Amount	Type
US 641 Sewer Extension	HB608	100,000	Grant
Industrial Park Sewer	HB608	250,000	Grant
Phase II Sewer Rehab	HB380	363,750	Grant
Southwest Sewer Interceptor	HB380	375,888	Grant
Industrial Park Waterline Extension	HB608	280,000	Grant
Poor Farm Road Waterline	HB608	100,000	Grant
Southwest Water Tank	HB608	1,011,000	Grant
Sherwood Forest Water Extension	HB380	84,000	Grant
Water Treatment Plant Improvements	HB380	250,000	Grant

XII. CONTACTS

Applicant	
Name	City of Murray
Address	104 N. 5th Street, P.O. Box 1236
	Murray, KY 42071
County	Calloway
Contact	Bill Wells
Phone	(270) 762-3050
Email	peyton.mastera@murrayky.gov

Applicant Contact	
Name	City of Murray
Address	104 N. 5th Street, P.O. Box 1236 Murray, KY 42071
Contact	L. Peyton Mastera
Phone	(270) 762-3050
Email	peyton.mastera@murrayky.gov

Engineer	
Name	Todd Solomon, P.E.
Firm	GRW Engineers
Address	11909 Shelbyville Road, Suite 100 Louisville, KY 40243
Phone	(502) 489-8484
Email	tsolomon@grwinc.com

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

CITY OF MURRAY
BALANCE SHEETS (JUNE YEAR END)

ASSETS	Audited 2008	Audited 2009	Audited 2010	Audited 2011	Upon Completion 2017
Current Assets					
Cash	684,580	420,974	491,099	29,263	2,509,700
Accounts Receivable	271,507	272,361	268,296	297,093	1,054,600
Other Receivables	0	103,519	0	0	0
Inventory	249,847	206,802	202,223	208,592	210,000
Prepaid	162,359	165,558	0	0	0
Total Current Assets	1,368,293	1,169,214	961,618	534,948	3,774,300
Restricted Assets					
Meter Deposits	255,719	251,520	247,865	263,692	265,000
Bond and Interest	1,157,330	1,410,560	1,465,421	1,641,144	1,600,000
Renewal and Replacement	700,000	800,000	875,000	875,000	1,025,000
Total Restricted Assets	2,113,049	2,462,080	2,588,286	2,779,836	2,890,000
Utility Plant					
Land, System, Building and Equipment	48,717,349	51,611,436	52,383,700	53,217,218	100,717,200
Less Accumulated Depreciation ( )	(22,117,721)	(23,263,966)	(24,518,137)	(25,742,131)	(33,861,900)
Net Fixed Assets	26,599,628	28,347,470	27,865,563	27,475,087	66,855,300
Other Assets					
Unamortized Bond Costs and Discount, Net	27,884	18,443	9,031	0	0
Total Other Assets	27,884	18,443	9,031	0	0
Total Assets	30,108,854	31,997,207	31,424,498	30,789,871	73,519,600
LIABILITIES					
Current Liabilities					
Accounts Payable	212,126	72,438	80,656	148,583	199,100
Accrued Compensation Costs	177,367	184,850	218,668	187,448	251,100
Accrued Liabilities	12,090	12,138	11,541	12,880	15,000
C.P. Notes Payable	339,640	400,723	411,723	417,831	150,375
C.P. Bonds Payable	441,000	462,000	482,000	7,000	9,000
Customer Deposits	205,870	204,810	204,560	209,485	229,000
Accrued Interest	84,009	81,441	79,462	75,578	93,000
Due to Other Funds	22,380	24,549	45,809	0	0
Total Current Liabilities	1,494,482	1,442,949	1,534,419	1,058,805	946,575
Long Term Liabilities					
Accrued Compensated Absences	0	0	0	41,236	55,300
Notes Payable	2,640,345	3,868,085	3,467,361	2,637,809	937,988
Bonds Payable	1,321,048	1,359,576	936,104	476,000	427,000
Proposed KIA Loan	0	0	0	0	44,800,000
Total Long Term Liabilities	3,961,393	5,227,661	4,403,465	3,155,045	46,220,288
Total Liabilities	5,455,875	6,670,610	5,937,884	4,213,850	47,166,863
Retained Earnings:					
Invested in Capital Assets Net of Related Debt	21,857,595	22,257,086	22,568,375	24,145,039	20,530,937
Restricted	2,113,049	2,462,080	2,588,286	2,779,836	2,890,000
Unrestricted	682,335	607,431	329,953	(348,854)	2,931,800
Total Retained Earnings	24,652,979	25,326,597	25,486,614	26,576,021	26,352,737
Total Liabilities and Equities	30,108,854	31,997,207	31,424,498	30,789,871	73,519,600
Balance Sheet Analysis					
Quick Ratio (Cash + AR) / AP	4.5	9.6	9.4	2.2	17.9
Debt to Equity	0.2	0.3	0.2	0.2	1.8
Days Sales in Accounts Receivable	20.6	20.8	20.2	22.6	79.9

EXHIBIT 1
CITY OF MURRAY
CASH FLOW ANALYSIS (JUNE YEAR END)

	Audited 2008	% Change	Audited 2009	% Change	Audited 2010	% Change	Audited 2011	Projected 2012	Projected 2013	Projected 2014
Operating Revenues										
Charge for Services	4,544,840	1%	4,572,981	1%	4,630,895	-7%	4,314,819	4,564,789	5,069,582	5,675,844
Tap Fees	188,700	-28%	136,620	-49%	69,935	16%	81,450	82,265	83,088	83,919
Other	81,766	-11%	73,119	98%	145,046	181%	406,944	100,000	100,000	100,000
Total Revenues	4,815,306	-1%	4,782,720	1%	4,845,876	-1%	4,803,213	4,747,054	5,252,670	5,859,763
Operating Expenses										
Operating Expenses	2,514,234	15%	2,889,596	-2%	2,843,872	1%	2,878,950	2,979,713	3,084,003	3,191,943
Admin Expenses	776,940	2%	789,169	8%	850,430	3%	878,604	909,355	941,182	974,123
Depreciation	1,112,668	6%	1,174,346	11%	1,300,036	1%	1,316,813	1,316,800	1,316,800	1,316,800
Replacement Reserve	0		0		7,500		7,500	7,500	7,500	7,500
Total Expenses	4,403,842	10%	4,853,111	3%	5,001,838	2%	5,081,867	5,213,368	5,349,485	5,490,366
Net Operating Income	411,464	-117%	(70,391)	122%	(155,962)	79%	(278,654)	(466,314)	(96,815)	369,397
Non-Operating Income and Expenses										
Interest Income	145,568	-49%	73,979	-11%	65,540	-27%	47,987	35,000	35,000	35,000
Transfers to City (in lieu of taxes)	(85,000)		(85,000)		(85,000)		(85,000)	(85,000)	(85,000)	(85,000)
Other	0		2,999		0		0	0	0	0
Total Non-Operating Income & Expenses	60,568	-113%	(8,022)	143%	(19,460)	90%	(37,013)	(50,000)	(50,000)	(50,000)
Add Non-Cash Expenses										
Depreciation	1,112,668	6%	1,174,346	11%	1,300,036	1%	1,316,813	1,316,800	1,316,800	1,316,800
Cash Available for Debt Service	**1,584,700**	**-31%**	**1,095,933**	**3%**	**1,124,614**	**-11%**	**1,001,146**	**800,486**	**1,169,985**	**1,636,197**
Debt Service (enter as positive #'s)										
Existing Principal	755,402		780,640		862,723		893,722	424,831	437,051	448,385
Existing Interest	195,705		177,074		157,587		128,561	98,313	88,647	78,622
Proposed KIA Loan	0		0		0		0			
Total Debt Service	951,107		957,714		1,020,310		1,022,283	523,144	525,698	527,007
Income After Debt Service	633,593		138,219		104,304		(21,137)	277,342	644,287	1,109,190
Debt Coverage Ratio	1.7		1.1		1.1		1.0	1.5	2.2	3.1

2/24/2012 3:24 PM, Cashflow
K:\2 Loan Team\Fund A Loans\Murray (A12-12)\Executive Summary, Murray, City of (A12-12).xls

EXHIBIT 1
CITY OF MURRAY
CASH FLOW ANALYSIS (JUNE YEAR END)

	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020
Operating Revenues						
Charge for Services	6,404,837	7,282,289	7,847,221	7,925,693	8,004,950	8,084,999
Tap Fees	84,758	85,606	86,462	87,327	88,200	89,082
Other	100,000	100,000	100,000	100,000	100,000	100,000
Total Revenues	6,589,595	7,467,895	8,033,683	8,113,020	8,193,150	8,274,081
Operating Expenses						
Operating Expenses	3,303,661	3,419,289	3,538,964	3,862,828	3,998,027	4,137,958
Admin Expenses	1,008,217	1,043,505	1,080,028	1,117,829	1,156,953	1,197,446
Depreciation	1,316,800	1,316,800	1,535,800	2,631,100	2,631,100	2,631,100
Replacement Reserve	7,500	7,500	7,500	122,500	122,500	122,500
Total Expenses	5,636,178	5,787,094	6,162,292	7,734,257	7,908,580	8,089,004
Net Operating Income	953,417	1,680,801	1,871,391	378,763	284,570	185,077
Non-Operating Income and Expenses						
Interest Income	35,000	35,000	35,000	35,000	35,000	35,000
Transfers to City (in lieu of taxes)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)
Other	0	0	0	0	0	0
Total Non-Operating Income & Expenses	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Add Non-Cash Expenses						
Depreciation	1,316,800	1,316,800	1,535,800	2,631,100	2,631,100	2,631,100
Cash Available for Debt Service	**2,220,217**	**2,947,601**	**3,357,191**	**2,959,863**	**2,865,670**	**2,766,177**
Debt Service (enter as positive #'s)						
Existing Principal	141,595	148,183	148,776	159,375	162,981	168,592
Existing Interest	69,845	65,910	60,000	54,000	48,500	0
Proposed KIA Loan				2,566,638	2,566,638	2,566,638
Total Debt Service	211,440	214,093	208,776	2,780,013	2,778,119	2,735,230
Income After Debt Service	2,008,777	2,733,508	3,148,415	179,850	87,551	30,947
Debt Coverage Ratio	10.5	13.8	16.1	1.1	1.0	1.0

2/24/2012 3:24 PM, Cashflow
K:\2 Loan Team\Fund A Loans\Murray (A12-12)\Executive Summary, Murray, City of (A12-12).xls

ATTACHMENT

I.B.3.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AMENDMENT OF THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A2 09-35)FUNDED IN WHOLE OR IN PART BY THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 INCREASING THE AMOUNT TO $433,178 TO THE GRANT COUNTY SANITARY SEWER DISTRICT, GRANT COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority previously approved a Federally Assisted Waste Water Revolving Fund Loan (A2 09-35) to the Grant County Sanitary Sewer District on October 1, 2009 in the amount of $300,000 and the Grant County Sanitary Sewer District has requested to increase loan A2 09-35 by $133,178; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Wastewater Revolving Loan Program (Fund A) with the Grant County Sanitary Sewer District, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund A loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the Amendment of a conditional Federally Assisted Wastewater Revolving Fund loan increasing the amount to $433,178 of project expense including capitalized interest for the construction period, to the Grant County Sanitary Sewer District for the Sewer Extension project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. Principal forgiveness of 52.1% will be deducted from the approved loan amount. The unforgiven principal balance of $207,492 shall be repaid.

Section 4. The loan shall be repayable over 20 years at an interest rate of 3.0%. In addition to debt service, a .20% annual administration fee on the unpaid loan balance will be charged. From annual revenues, $750 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches $7,500 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 5. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure this 1st day of March, 2012.

_____
TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

_____
SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

_____
PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT KENTUCKY 40601
www.kentucky.gov

February 22, 2012

Ms. Sandy Williams
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: KIA #: A2 09-35; DOW #: ERF-187 Fund A ARRA
Grant Co Sanitary Sewer District WWTP--1480
Activity ID: FGL20100003

Dear Ms. Williams:

Enclosed is the revised budget for the above-referenced project. The district is requesting $133,178 which will revise the loan amount to $433,178. This increase does require board approval. The Division of Water recommends approval of this request.

If you have any questions, please contact Alison Simpson, Project Administrator, at (502) 564-8158, extension 4591.

Sincerely,

Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:as

Enclosure

C: Bobby Burgess, Chairman, Grant Co. Sanitary Sewer District
Kerry Odle, PE, CMW, Inc.

KentuckyUnbridledSpirit.com
Kentucky UNBRIDLED SPIRIT
An Equal Opportunity Employer M/F/D

EXECUTIVE SUMMARY		Reviewer:	Sandy Williams
KENTUCKY INFRASTRUCTURE AUTHORITY		Date:	March 1, 2012
FUND A, FEDERALLY ASSISTED WASTEWATER		KIA Loan Number:	**A2 09-35 (Increase)**
REVOLVING LOAN FUND		WRIS Number	**SX21081303**
		HUC Code:	05100205390

BORROWER:	**Grant County Sanitary Sewer District**
	Grant County

BRIEF DESCRIPTION:

The Grant County Sanitary Sewer District is requesting an increase of $133,718 in a Fund A loan that was previously approved for $300,000 from the American Recovery and Reinvestment Act of 2009 for Phase I of a Sanitary Sewer Extension project. The increase is needed to fund unanticipated budget overages. The project will serve the Sherman area and areas north of Sherman in Grant County and will include 8,935 feet of 8" gravity sewer, 20,452 feet of forcemain, 7,883 feet of small diameter forcemain, 43 manholes and six pump stations. The project will connect 84 customers, which will eliminate septic systems, in addition to connecting Grant County Mobile Home Park (43 users) and Cincinnati Campground, which will eliminate two package sewer plants. Sewer connection will also be available to Countryside Mobile Home Park. Debt service will be funded from existing revenues and the increased customer base.

PROJECT FINANCING:		PROJECT BUDGET	
Fund A Loan	$433,178	Administrative Expenses	$28,621
Local Funds	71,000	Legal Expenses	64,875
HB267	900,000	Land, Easements	142,035
HB608	650,000	Engineering Fees	264,289
Grant Mobile Home Park	60,535	Construction	1,532,459
		Other	82,434
TOTAL	$2,114,713	TOTAL	$2,114,713

REPAYMENT				
	Rate	3.00%	Est. Annual Payment	$14,287
	Term	20 years	1st Payment	6 Mo. after first draw

PROFESSIONAL SERVICES	Engineer	CMW, Inc.
	Bond Counsel	Peck, Shaffer, & Williams

PROJECT SCHEDULE		
	Bid Opening:	September 8, 2009
	Construction Start:	February 1, 2010
	Construction Stop:	December 1, 2010

DEBT PER CUSTOMER	Existing:	$ 853
	Proposed:	$ 2,087
OTHER DEBT	See Attached	
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached	

RESIDENTIAL RATES		Users	Avg. Bill	
	Current	1,467	$37.56	(for 4,000 gallons)
	Additional	128	$37.56	(for 4,000 gallons)

REGIONAL COORDINATION: This project is consistent with regional planning recommendations.

CASHFLOW	Cash Available for Debt Service	Debt Service	Income after Debt Service	Coverage Ratio
Audited 2007	332,070	122,826	209,244	2.7
Audited 2008	288,559	124,907	163,652	2.3
Audited 2009	273,080	145,679	127,401	1.9
Audited 2010	245,798	123,912	121,886	2.0
Preliminary 2011	198,166	126,123	72,043	1.6
Projected 2012	229,853	132,501	97,352	1.7
Projected 2013	256,870	177,231	79,639	1.4
Projected 2014	303,222	281,222	22,000	1.1
Projected 2015	298,985	279,154	19,831	1.1
Projected 2016	294,375	280,473	13,902	1.0

Reviewer: Sandy Williams
Date: March 1, 2012
Loan Number: A2 09-35 Increase

KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND "A")
GRANT COUNTY SANITARY SEWER DISTRICT, GRANT COUNTY
PROJECT REVIEW
SX21081303

I. PROJECT DESCRIPTION

The Grant County Sanitary Sewer District is requesting an increase of $133,718 in a Fund A loan that was previously approved for $300,000 from the American Recovery and Reinvestment Act of 2009 for Phase I of a Sanitary Sewer Extension project. The increase is needed to fund unanticipated budget overages.

The project will serve the Sherman area and areas north of Sherman in Grant County and will include 8,935 feet of 8" gravity sewer, 20,452 feet of force main, 7,883 feet of small diameter force main, 43 manholes and six pump stations. The project will connect 84 customers, which will eliminate septic systems, in addition to connecting Grant County Mobile Home Park (43 users) and Cincinnati Campground, which will eliminate two package sewer plants. Sewer connection will also be available to Countryside Mobile Home Park. Debt service will be funded from existing revenues and the increased customer base.

II. PROJECT BUDGET

	Total
Administrative Expenses	$ 28,621
Legal Expenses	64,875
Land, Easements	142,035
Engineering Fees	264,289
Construction	1,532,459
Other	82,434
Total	**$ 2,114,713**

III. PROJECT FUNDING

Funding Sources	**Amount**	**%**
Fund A Loan	$ 433,178	20%
Local Funds	71,000	3%
HB267	900,000	43%
HB608	650,000	31%
Grant Mobile Home Park	60,535	3%
Total	**$ 2,114,713**	**100%**

IV. KIA DEBT SERVICE

	Revised	Increase	Original
Construction Loan	$433,178	$133,178	$300,000
Less: Principal Forgiveness (52.1%)	225,686	$ 69,386	$156,300
Amortized Loan Amount	$207,492	$ 63,792	$143,700
Interest Rate	3.00%	3.00%	3.00%
Loan Term (Years)	20	20	20
Estimated Annual Debt Service	$13,872	$ 4,265	$ 9,607
Administrative Fee (0.20%)	415	128	287
Total Estimated Annual Debt Service	$14,287	$ 4,393	$ 9,894

V. PROJECT SCHEDULE

Bid Opening:	September 8, 2009
Construction Start:	February 1, 2010
Construction Stop:	December 1, 2010

VI. RATE STRUCTURE

Customers

	Current	Proposed	Total
Residential	1,212	123	1,335
Commercial	121	5	126
Industrial	4	0	4
Total	1,337	128	1,465

Rates

The monthly charge for wastewater utility service is:

	Current
Date of Last Rate Increase	4/15/2006
First 2,000 Gallons	$21.06
Next 3,000 Gallons (per 1,000)	8.25
Next 5,000 Gallons (per 1,000)	6.76
All Over 10,000 (per 1,000)	5.31
Cost for 4,000 gallons	$37.56
Affordability Index (Rate/MHI)	1.1%

VII. DEMOGRAPHICS

In 2010, the County's population was 25,088 with a Median Household Income (MHI) of $42,405. The median household income for the Commonwealth is $41,197. The loan qualifies for a 3% interest rate.

VIII. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from the audited financial statements for the years ended December 31, 2007 through 2010. Amounts for 2011 are based on management provided information.

HISTORICAL

The utility has not had a rate increase since April 2006. Revenues have increased nominally from $619,249 in 2007 to $636,968 in 2011 while operating expenses have risen 51% from $292,173 to $440,205. The major components of the expense increase are management fees, other contracted services and electricity cost. The electric utility determined that a meter was malfunctioning and the District was required to pay the billing shortfall for the past two years over 2011 and 2012. The meter was replaced and actual electric usage is slightly more than double what was reported in 2010 ($41,849).

Cash available for debt service has declined from $332,070 in 2007 to an estimated $198,166 in 2011. Debt service cost has been in the mid $120,000 range with the exception of 2009 when it increased to $145,679. The debt coverage ratio has declined from 2.7 in 2007 to 1.6 in 2011.

The utility has a strong balance sheet with a debt to equity ratio of 0.3. Unrestricted cash is equal to approximately eleven months of operating expenses. Restricted assets are comprised of a bond sinking fund, construction funds and customer deposits.

PROJECTIONS

Projections are based on the following assumptions:

- The utility will realize a full year of revenues in 2012 from the addition of 128 customers from a prior sewer expansion that was partially funded with KIA loan A2 09-35. Revenues from customer growth (53) from a project to be funded with KIA loan A12-01 will be realized in 2014.
- Based on historical growth patterns, future revenue growth will be 1.5%.
- Operating expenses will increase 3.5% per year for inflation.
- Net cost savings from the KIA funded project A12-13 will be $30,000 in the first year due to reduced hauling and dump costs. Electricity cost will decrease approximately $33,000 in 2013.
- The additional debt service is estimated at $4,393
- An additional $62,885 in debt service for KIA loan A12-13 is included in the analysis.
- Debt service coverage is 1.1 in 2014 when principal and interest repayments begin.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

REPLACEMENT RESERVE

The annual replacement cost is $750. This amount should be added to the replacement account each December 1 until the balance reaches $7,500 and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

	Outstanding	Maturity
Kentucky Rural Finance Corporation Bonds, Series 2001D	$ 1,176,000	Jan-23
KIA (A2 09-35 additional $63,792 pending)	138,700	Dec-31
KIA (A12-01 i/a/o $822,100)	0	TBD
Total	**$ 1,314,700**	

X. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

WRIS	Project Title	Funding Source	Amount	Type
SX21081303	Sewer Line Extension	HB267	$900,000	Grant
SX21081303	Sewer Line Extension - Phase I	HB608	$250,000	Grant
SX21081303	Sewer Line Extension - Phase I	HB608	$400,000	Grant
	Total		**$1,550,000**	

XI. CONTACTS

Applicant

Name	Grant County Sanitary Sewer District
Address	P.O. Box 460 Crittenden, KY 41030
County	Grant
Contact	Bobby Burgess
Phone	(859) 428-2112
Email	bullockpen@fuse.net

Engineer and Applicant Contact

Name	Scott Hogue
Firm	CMW, Inc.
Address	400 East Vine Street, Suite 400 Lexington, KY 40507
Phone	(859) 254-6623
Email	shogue@cmwaec.com

XII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions and the additional ARRA conditions.

GRANT COUNTY SANITARY SEWER DISTRICT
BALANCE SHEETS (DECEMBER YEAR END)

ASSETS	Audited 2007	Audited 2008	Audited 2009	Audited 2010	Preliminary 2011	Upon Completion 2013
Current Assets						
Cash	227,873	351,378	430,879	500,041	400,107	577,098
Accounts Receivable	88,211	84,005	84,005	88,977	103,239	115,800
Other Current Assets	15,730	10,009	31,359	6,926	4,152	4,152
Total Current Assets	331,814	445,392	546,243	595,944	507,498	697,050
Restricted Assets						
Bond Sinking Fund	99,058	101,055	101,594	100,449	103,807	103,807
Construction Funds	0	100	259,102	6,638	35,963	0
Customer Deposits	73,314	75,187	74,487	92,816	78,957	78,957
Grants Receivable	0	73,707	0	267,471	0	0
KIA Reserve		0	0	0	0	4,400
Total Restricted Assets	172,372	250,049	435,183	467,374	218,727	187,164
Utility Plant						
Land, System, Building and Equipment	5,208,595	5,339,217	5,616,398	7,072,534	7,505,029	9,645,029
Less Accumulated Depreciation ( )	(456,797)	(607,613)	(759,269)	(916,100)	(1,077,694)	(1,423,972)
Net Fixed Assets	4,751,798	4,731,604	4,857,129	6,156,434	6,427,335	8,221,057
Other Assets						
Other	9,282	4,431	1,108	0	19,243	0
Unamortized Bond Costs and Discount, Net	34,299	31,863	29,428	26,993	24,618	22,243
Total Other Assets	43,581	36,294	30,536	26,993	43,861	22,243
Total Assets	5,299,565	5,463,339	5,869,091	7,246,745	7,197,421	9,127,514
LIABILITIES						
Current Liabilities						
Accounts Payable	27,410	47,645	50,943	45,933	56,038	50,000
Note Payable	21,000	21,000	0	0	0	0
Other	2,562	2,304	2,304	2,290	1,033	2,250
Total Current Liabilities	50,972	70,949	53,247	48,223	57,071	52,250
Liabilities Payable - Restricted Assets						
Bonds Payable	60,000	62,000	64,000	64,000	69,000	78,000
Notes Payable - KIA				2,648	5,416	5,748
Customer Deposits	64,305	59,684	58,058	57,744	62,319	60,000
Accrued Interest Payable	27,359	26,459	25,675	24,922	23,554	23,554
Construction Accounts Payable	0	69,207	252,468	267,471	90,810	0
Total Liabilities Payable - Restricted Assets	151,664	217,350	400,201	416,785	251,099	167,302
Long Term Liabilities						
Bonds	1,302,000	1,240,000	1,176,000	1,112,000	1,043,000	892,000
Notes Payable - KIA				136,052	133,404	122,077
Unamortized Bond Premium	19,742	18,340	16,939	15,537	14,135	11,331
KIA Loans (A12-01, A12-13, ARRA Increase)	0	0	0	0	0	2,075,000
Total Long Term Liabilities	1,321,742	1,258,340	1,192,939	1,263,589	1,190,539	3,100,408
Total Liabilities	1,524,378	1,546,639	1,646,387	1,728,597	1,498,709	3,319,960
Retained Earnings:						
Invested in Capital Assets Net of Related Debt	3,384,389	3,423,162	3,630,652	4,854,224	5,176,515	5,048,232
Restricted	71,699	79,196	82,699	82,163	127,917	187,164
Unrestricted	319,099	414,342	509,353	581,761	394,280	572,158
Total Retained Earnings	3,775,187	3,916,700	4,222,704	5,518,148	5,698,712	5,807,554
Total Liabilities and Equities	5,299,565	5,463,339	5,869,091	7,246,745	7,197,421	9,127,514
Balance Sheet Analysis						
Current Ratio	6.5	6.3	10.3	12.4	8.9	13.3
Debt to Equity	0.4	0.4	0.4	0.3	0.3	0.6
Working Capital	280,842	374,443	492,996	547,721	450,427	644,800
Percent of Total Assets in Working Capital	5.3%	6.9%	8.4%	7.6%	6.3%	7.1%
Days Sales in Accounts Receivable	52.0	49.9	51.7	51.8	59.2	59.1

EXHIBIT 1
GRANT COUNTY SANITARY SEWER DISTRICT
CASH FLOW ANALYSIS (DECEMBER YEAR END)

	Audited 2007	% Change	Audited 2008	% Change	Audited 2009	% Change	Audited 2010	% Change	Preliminary 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016
Operating Revenues														
User Fees	602,830	-1%	594,793	1%	598,787	2%	613,285	2%	623,998	691,050	701,416	735,837	746,875	758,078
Other	16,419	18%	19,401	-127%	(5,195)	-352%	13,074	-1%	12,970	13,165	13,362	13,562	13,765	13,971
Cost Reductions or Rate Increase														
Total Revenues	619,249	-1%	614,194	-3%	593,592	6%	626,359	2%	636,968	704,215	714,778	749,399	760,640	772,049
Operating Expenses														
Operating Expenses	292,173	13%	330,127	-2%	322,987	19%	384,598	14%	440,205	475,612	456,258	472,227	488,755	505,861
Cost Savings	0		0		0		0		0	0	0	(30,000)	(31,050)	(32,137)
Depreciation	146,955	8%	158,724	1%	159,744	0%	160,154	8%	173,139	173,139	173,139	257,100	257,100	257,100
Replacement Reserve									750	750	3,650	5,950	5,950	5,950
Total Expenses	439,128	11%	488,851	-1%	482,731	13%	544,752	13%	614,094	649,501	633,047	705,277	720,755	736,774
Net Operating Income	180,121	-30%	125,343	-12%	110,861	-26%	81,607	-72%	22,874	54,714	81,731	44,122	39,885	35,275
Non-Operating Income and Expenses														
Interest Income	4,994	-10%	4,492	-45%	2,475	63%	4,037	-47%	2,153	2,000	2,000	2,000	2,000	2,000
Total Non-Operating Income & Expenses	4,994	-10%	4,492	-45%	2,475	63%	4,037	-47%	2,153	2,000	2,000	2,000	2,000	2,000
Add Non-Cash Expenses														
Depreciation	146,955	8%	158,724	1%	159,744	0%	160,154	8%	173,139	173,139	173,139	257,100	257,100	257,100
Cash Available for Debt Service	**332,070**	**-13%**	**288,559**	**-5%**	**273,080**	**-10%**	**245,798**	**-19%**	**198,166**	**229,853**	**256,870**	**303,222**	**298,985**	**294,375**
Debt Service (enter as positive #'s)														
Existing Principal	56,000		60,000		83,000		64,000		66,648	74,416	78,579	83,748	85,922	91,101
Existing Interest	66,826		64,907		62,679		59,912		59,475	58,085	54,265	50,208	45,966	42,106
KIA Loan (A12-01)										0	39,994	79,988	79,988	79,988
Proposed KIA Loan										0	0	62,885	62,885	62,885
KIA (A2 09-35) Increase										0	4,393	4,393	4,393	4,393
Total Debt Service	122,826		124,907		145,679		123,912		126,123	132,501	177,231	281,222	279,154	280,473
Income After Debt Service	209,244		163,652		127,401		121,886		72,043	97,352	79,639	22,000	19,831	13,902
Debt Coverage Ratio	2.7		2.3		1.9		2.0		1.6	1.7	1.4	1.1	1.1	1.0

ATTACHMENT

I.B.4.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-13) OF $913,300 TO THE GRANT COUNTY SANITARY SEWER DISTRICT, GRANT COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Wastewater Revolving Loan Program (Fund A) with the Grant County Sanitary Sewer District, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund A loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Wastewater Revolving Fund loan for $913,300 of project expense including capitalized interest for the construction period, to the Grant County Sanitary Sewer District

for the WWTP Improvements Project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable over 20 years at an interest rate of 3.0%. In addition to debt service, a 0.2% annual administration fee on the unpaid loan balance will be charged. From annual revenues, $2,300 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches $23,000 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

_____
TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

_____
SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

_____
PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 22, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: CWL#12108 Fund A
Grant Co Sanitary Sewer District
WWTP--1480
Activity ID: FGL20120008
Watershed Name: Clarks Creek
Watershed Code (HUC11): 05100205380

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the Grant County Sanitary Sewer District is entitled to receive priority for funding for the Bullock Pen Wastewater Treatment Plant Improvements and is eligible to receive $913,300 from the Clean Water State Revolving Fund. The following requirements have been addressed as follows:

1. Plans and specifications are expected to be submitted to DOW on May 8, 2012.

2. Construction bids are expected to be opened on June 27, 2012.

3. Project specific environmental information is expected to be submitted to DOW on April 6, 2012.

The binding commitment letter should include the following general conditions to satisfy federal requirements:

1. The Authority to Award (bid) package must be submitted to DOW for approval within 14 days of bid opening. DOW must perform the DBE reviews and conduct a pre-construction and project management conference.

2. Loan Agreement must be executed within six (6) months from bid opening.

3. The city must agree to expend all loan funds within six months of the date of initiation of operation.

KentuckyUnbridledSpirit.com
Kentucky UNBRIDLED SPIRIT
An Equal Opportunity Employer M/F/D

4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.

5. The borrower must receive DOW approval of the Plans and Specifications before bidding the project.

6. The borrower must receive DOW approval of the Environmental Assessment before bidding the project.

Upon compliance with the general and special conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

Please forward the draft binding commitment letter to this office for review when completed. Should you have any questions concerning this letter, do not hesitate to contact Buddy Griffin, Project Administrator, at (502) 564-8158, extension 4971.

Sincerely,

Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:bg

Enclosures

C: Mr. Bobby Burgess, Chairman
Kerry Odle, Project Engineer, CMW, Inc.

EXECUTIVE SUMMARY		Reviewer:	Sandy Williams
KENTUCKY INFRASTRUCTURE AUTHORITY		Date:	March 1, 2012
FUND A, FEDERALLY ASSISTED WASTEWATER		KIA Loan Number:	**A12-13**
REVOLVING LOAN FUND		WRIS Number	**SX21081305**
		HUC Code:	05100205390

BORROWER:	**GRANT COUNTY SANITARY SEWER DISTRICT**
	GRANT COUNTY

BRIEF DESCRIPTION:

This project involves various wastewater treatment plant improvements including the installation of a 60,000 gallon sludge digester, conversion of four existing 11,250 gallon digesters to be part of the extended aeration plant, sludge press with building, flow splitter with bar screens, replacement of blowers with quieter and more efficient ones, and grade work for the above items along with preparation for a future 75,000 gallon expansion to the plant. Plant capacity will be increased, sludge can be processed and taken to the landfill, bar screens and the splitter will prevent back-up in the existing sewer gravity lines, and electricity consumption will be reduced as a result of this project.

PROJECT FINANCING:		PROJECT BUDGET	
Fund A Loan	$ 913,300	Administrative Expenses	$ 12,000
		Legal Expenses	4,000
		Engineering Fees	128,348
		Construction	690,000
		Contingency	68,952
		Other	10,000
TOTAL	$ 913,300	TOTAL	$ 913,300

REPAYMENT				
	Rate	3.0%	Est. Annual Payment	$ 62,885
	Term	20 years	1st Payment	6 Mo. after first draw

PROFESSIONAL SERVICES	Engineer	CMW, Inc.
	Bond Counsel	Peck, Shaffer, & Williams

PROJECT SCHEDULE	
Bid Opening:	June 27, 2012
Construction Start:	October 1, 2012
Construction Stop:	October 1, 2013

DEBT PER CUSTOMER	Existing:	$ 853
	Proposed:	$ 2,087
OTHER DEBT	See Attached	
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached	

RESIDENTIAL RATES		Users		Avg. Bill	
	Current	1,467	$	37.56	(for 4,000 gallons)
	Additional	0	$	37.56	(for 4,000 gallons)

REGIONAL COORDINATION: This project is consistent with regional planning recommendations.

CASHFLOW	Cash Available for Debt Service	Debt Service	Income after Debt Service	Coverage Ratio
Audited 2007	332,070	122,826	209,244	2.7
Audited 2008	288,559	124,907	163,652	2.3
Audited 2009	273,080	145,679	127,401	1.9
Audited 2010	245,798	123,912	121,886	2.0
Preliminary 2011	198,166	126,123	72,043	1.6
Projected 2012	229,853	132,501	97,352	1.7
Projected 2013	256,870	177,231	79,639	1.4
Projected 2014	303,222	281,222	22,000	1.1
Projected 2015	298,985	279,154	19,831	1.1
Projected 2016	294,375	280,473	13,902	1.0

Reviewer: Sandy Williams
Date: March 1, 2012
Loan Number: A12-13

KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND "A")
GRANT COUNTY SANITARY SEWER DISTRICT, GRANT COUNTY
PROJECT REVIEW
SX21081305

I. PROJECT DESCRIPTION

The Grant County Sanitary Sewer District (District) is requesting $913,300 in Clean Water SRF funds for the Wastewater Treatment Plant Improvements project. The project involves various wastewater treatment plant improvements including the installation of a 60,000 gallon sludge digester, conversion of four existing 11,250 gallon digesters to be part of the extended aeration plant, sludge press with building, flow splitter with bar screens, replacement of blowers with quieter and more efficient ones, and grade work for the above items along with preparation for a future 75,000 gallon expansion to the plant. Plant capacity will be increased, sludge can be processed and taken to the landfill, bar screens and the splitter will prevent back-up in the existing sewer gravity lines, and electricity consumption will be reduced as a result of this project.

II. PROJECT BUDGET

	Total
Administrative Expenses	$ 12,000
Legal Expenses	4,000
Engineering Fees	128,348
Construction	690,000
Contingency	68,952
Other	10,000
Total	**$ 913,300**

III. PROJECT FUNDING

	Amount	%
Fund A Loan	913,300	100%
Total	**$ 913,300**	**100%**

IV. KIA DEBT SERVICE

Construction Loan	$ 913,300
Interest Rate	3.0%
Loan Term (Years)	20
Estimated Annual Debt Service	$ 61,058
Administrative Fee (0.20%)	$ 1,827
Total Estimated Annual Debt Service	**$ 62,885**

V. PROJECT SCHEDULE

Bid Opening	June 2012
Construction Start	October 2012
Construction Stop	October 2013

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers	Current	Pending and Proposed	Total
Residential	1,315	51	1,366
Commercial	147	2	149
Industrial	5	0	5
Total	1,467	53	1,520

Connection to the system is required by ordinance of the Grant County Fiscal Court. The District has an active project that is expected to increase customers by 53.

B) Rates

The monthly charge for wastewater utility service is:

	Current
Date of Last Rate Increase	4/15/2006
First 2,000 Gallons	$21.06
Next 3,000 Gallons (per 1,000)	8.25
Next 5,000 Gallons (per 1,000)	6.76
All Over 10,000 (per 1,000)	5.31
Cost for 4,000 gallons	$37.56
Affordability Index (Rate/MHI)	1.1%

VII. DEMOGRAPHICS

In 2010, the County's population was 25,088 with a Median Household Income (MHI) of $42,405. The median household income for the Commonwealth is $41,197. The loan qualifies for a 3% interest rate.

VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR).

2) Additional Subsidization – This project does not qualify for additional subsidization.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from the audited financial statements for the years ended December 31, 2007 through 2010. Amounts for 2011 are based on management provided information.

HISTORICAL

The utility has not had a rate increase since April 2006. Revenues have increased nominally from $619,249 in 2007 to $636,968 in 2011 while operating expenses have risen 51% from $292,173 to $440,205. The major components of the expense increase are management fees, other contracted services and electricity cost. The electric utility determined that a meter was malfunctioning and the District was required to pay the billing shortfall for the past two years over 2011 and 2012. The meter was replaced and actual electric usage is slightly more than double what was reported in 2010 ($41,849).

Cash available for debt service has declined from $332,070 in 2007 to an estimated $198,166 in 2011. Debt service cost has been in the mid $120,000 range with the exception of 2009 when it increased to $145,679. The debt coverage ratio has declined from 2.7 in 2007 to 1.6 in 2011.

The utility has a strong balance sheet with a debt to equity ratio of 0.3. Unrestricted cash is equal to approximately eleven months of operating expenses. Restricted assets are comprised of a bond sinking fund, construction funds and customer deposits.

PROJECTIONS

Projections are based on the following assumptions:

- The utility will realize a full year of revenues in 2012 from the addition of 128 customers from a prior sewer expansion that was partially funded with KIA loan A2 09-35. Revenues from customer growth (53) from a project to be funded with KIA loan A12-01 will be realized in 2014.
- Based on historical growth patterns, future revenue growth will be 1.5%.
- Operating expenses will increase 3.5% per year for inflation.
- Net cost savings from this project will be $30,000 in the first year due to reduced hauling and dump costs. Electricity cost will decrease approximately $33,000 in 2013.
- The new debt service is estimated at $62,885.
- An additional $4,393 in debt service for an anticipated increase in loan KIA A2 09-35 (ARRA) is included in the analysis.
- Debt service coverage is 1.1 in 2014 when principal and interest repayments begin.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

REPLACEMENT RESERVE

The annual replacement cost is $2,300. This amount should be added to the replacement account each December 1 until the balance reaches $23,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	Outstanding	Maturity
Kentucky Rural Finance Corporation Bonds, Series 2001D	$ 1,176,000	Jan-23
KIA (A2 09-35 additional $63,792 pending)	138,700	Dec-31
KIA (A12-01 i/a/o $822,100)	0	TBD
Total	**$ 1,314,700**	

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

Project Title	Funding Source	Amount	Type
Sewer Line Extension - Phase I	HB608	250,000	Grant
Sewer Line Extension - Phase I	HB608	400,000	Grant

XII. CONTACTS

Applicant

Name	Grant County Sanitary Sewer District
Address	P.O. Box 460 Crittenden, KY 41030
County	Grant
Contact	Bobby Burgess
Phone	(859) 428-2112
Email	bullockpen@fuse.net

Applicant Contact and Engineer

Name	CMW, Inc.
Address	400 East Vine Street, Suite 400 Lexington, KY 40507
Contact	Kerry Odle
Phone	(859) 254-6623
Email	kodle@cmwaec.com

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

GRANT COUNTY SANITARY SEWER DISTRICT
BALANCE SHEETS (DECEMBER YEAR END)

ASSETS	Audited 2007	Audited 2008	Audited 2009	Audited 2010	Preliminary 2011	Upon Completion 2013
Current Assets						
Cash	227,873	351,378	430,879	500,041	400,107	577,098
Accounts Receivable	88,211	84,005	84,005	88,977	103,239	115,800
Other Current Assets	15,730	10,009	31,359	6,926	4,152	4,152
Total Current Assets	331,814	445,392	546,243	595,944	507,498	697,050
Restricted Assets						
Bond Sinking Fund	99,058	101,055	101,594	100,449	103,807	103,807
Construction Funds	0	100	259,102	6,638	35,963	0
Customer Deposits	73,314	75,187	74,487	92,816	78,957	78,957
Grants Receivable	0	73,707	0	267,471	0	0
KIA Reserve		0	0	0	0	4,400
Total Restricted Assets	172,372	250,049	435,183	467,374	218,727	187,164
Utility Plant						
Land, System, Building and Equipment	5,208,595	5,339,217	5,616,398	7,072,534	7,505,029	9,645,029
Less Accumulated Depreciation ( )	(456,797)	(607,613)	(759,269)	(916,100)	(1,077,694)	(1,423,972)
Net Fixed Assets	4,751,798	4,731,604	4,857,129	6,156,434	6,427,335	8,221,057
Other Assets						
Other	9,282	4,431	1,108	0	19,243	0
Unamortized Bond Costs and Discount, Net	34,299	31,863	29,428	26,993	24,618	22,243
Total Other Assets	43,581	36,294	30,536	26,993	43,861	22,243
Total Assets	5,299,565	5,463,339	5,869,091	7,246,745	7,197,421	9,127,514
LIABILITIES						
Current Liabilities						
Accounts Payable	27,410	47,645	50,943	45,933	56,038	50,000
Note Payable	21,000	21,000	0	0	0	0
Other	2,562	2,304	2,304	2,290	1,033	2,250
Total Current Liabilities	50,972	70,949	53,247	48,223	57,071	52,250
Liabilities Payable - Restricted Assets						
Bonds Payable	60,000	62,000	64,000	64,000	69,000	78,000
Notes Payable - KIA				2,648	5,416	5,748
Customer Deposits	64,305	59,684	58,058	57,744	62,319	60,000
Accrued Interest Payable	27,359	26,459	25,675	24,922	23,554	23,554
Construction Accounts Payable	0	69,207	252,468	267,471	90,810	0
Total Liabilities Payable - Restricted Assets	151,664	217,350	400,201	416,785	251,099	167,302
Long Term Liabilities						
Bonds	1,302,000	1,240,000	1,176,000	1,112,000	1,043,000	892,000
Notes Payable - KIA				136,052	133,404	122,077
Unamortized Bond Premium	19,742	18,340	16,939	15,537	14,135	11,331
KIA Loans (A12-01, A12-13, ARRA Increase)	0	0	0	0	0	2,075,000
Total Long Term Liabilities	1,321,742	1,258,340	1,192,939	1,263,589	1,190,539	3,100,408
Total Liabilities	1,524,378	1,546,639	1,646,387	1,728,597	1,498,709	3,319,960
Retained Earnings:						
Invested in Capital Assets Net of Related Debt	3,384,389	3,423,162	3,630,652	4,854,224	5,176,515	5,048,232
Restricted	71,699	79,196	82,699	82,163	127,917	187,164
Unrestricted	319,099	414,342	509,353	581,761	394,280	572,158
Total Retained Earnings	3,775,187	3,916,700	4,222,704	5,518,148	5,698,712	5,807,554
Total Liabilities and Equities	5,299,565	5,463,339	5,869,091	7,246,745	7,197,421	9,127,514
Balance Sheet Analysis						
Current Ratio	6.5	6.3	10.3	12.4	8.9	13.3
Debt to Equity	0.4	0.4	0.4	0.3	0.3	0.6
Working Capital	280,842	374,443	492,996	547,721	450,427	644,800
Percent of Total Assets in Working Capital	5.3%	6.9%	8.4%	7.6%	6.3%	7.1%
Days Sales in Accounts Receivable	52.0	49.9	51.7	51.8	59.2	59.1

EXHIBIT 1
GRANT COUNTY SANITARY SEWER DISTRICT
CASH FLOW ANALYSIS (DECEMBER YEAR END)

	Audited	%	Audited	%	Audited	%	Audited	%	Preliminary	Projected	Projected	Projected	Projected	Projected
Operating Revenues	**2007**	**Change**	**2008**	**Change**	**2009**	**Change**	**2010**	**Change**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
User Fees	602,830	-1%	594,793	1%	598,787	2%	613,285	2%	623,998	691,050	701,416	735,837	746,875	758,078
Other	16,419	18%	19,401	-127%	(5,195)	-352%	13,074	-1%	12,970	13,165	13,362	13,562	13,765	13,971
Cost Reductions or Rate Increase														
Total Revenues	619,249	-1%	614,194	-3%	593,592	6%	626,359	2%	636,968	704,215	714,778	749,399	760,640	772,049
Operating Expenses														
Operating Expenses	292,173	13%	330,127	-2%	322,987	19%	384,598	14%	440,205	475,612	456,258	472,227	488,755	505,861
Cost Savings	0		0		0		0		0	0	0	(30,000)	(31,050)	(32,137)
Depreciation	146,955	8%	158,724	1%	159,744	0%	160,154	8%	173,139	173,139	173,139	257,100	257,100	257,100
Replacement Reserve									750	750	3,650	5,950	5,950	5,950
Total Expenses	439,128	11%	488,851	-1%	482,731	13%	544,752	13%	614,094	649,501	633,047	705,277	720,755	736,774
Net Operating Income	180,121	-30%	125,343	-12%	110,861	-26%	81,607	-72%	22,874	54,714	81,731	44,122	39,885	35,275
Non-Operating Income and Expenses														
Interest Income	4,994	-10%	4,492	-45%	2,475	63%	4,037	-47%	2,153	2,000	2,000	2,000	2,000	2,000
Total Non-Operating Income & Expenses	4,994	-10%	4,492	-45%	2,475	63%	4,037	-47%	2,153	2,000	2,000	2,000	2,000	2,000
Add Non-Cash Expenses														
Depreciation	146,955	8%	158,724	1%	159,744	0%	160,154	8%	173,139	173,139	173,139	257,100	257,100	257,100
Cash Available for Debt Service	**332,070**	**-13%**	**288,559**	**-5%**	**273,080**	**-10%**	**245,798**	**-19%**	**198,166**	**229,853**	**256,870**	**303,222**	**298,985**	**294,375**
Debt Service (enter as positive #'s)														
Existing Principal	56,000		60,000		83,000		64,000		66,648	74,416	78,579	83,748	85,922	91,101
Existing Interest	66,826		64,907		62,679		59,912		59,475	58,085	54,265	50,208	45,966	42,106
KIA Loan (A12-01)										0	39,994	79,988	79,988	79,988
Proposed KIA Loan										0	0	62,885	62,885	62,885
KIA (A2 09-35) Increase										0	4,393	4,393	4,393	4,393
Total Debt Service	122,826		124,907		145,679		123,912		126,123	132,501	177,231	281,222	279,154	280,473
Income After Debt Service	209,244		163,652		127,401		121,886		72,043	97,352	79,639	22,000	19,831	13,902
Debt Coverage Ratio	2.7		2.3		1.9		2.0		1.6	1.7	1.4	1.1	1.1	1.0

ATTACHMENT

I.B.5.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND A LOAN (A10-13) INCREASING THE AMOUNT TO $5,790,500 TO THE REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority previously approved a Federally Assisted Waste Water Revolving Fund Loan (A10-13) to the Regional Water Resource Agency on December 9, 2010 in the amount of $4,005,000 and the Regional Water Resource Agency has requested to increase loan A10-13 by $1,785,500; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Wastewater Revolving Loan Program (Fund A) with the Regional Water Resource Agency, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund A loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the Amendment of a conditional Federally Assisted Wastewater Revolving Fund loan increasing the amount to $5,790,500 of project expense including capitalized interest for the construction period, to the Regional Water Resource Agency for the Dublin Lane Sewer Outfall Reconstruction and Veteran's Drive Sewer Rehabilitation Project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable over 20 years at an interest rate of 1.0%. In addition to debt service, a .20% annual administration fee on the unpaid loan balance will be charged. RWRA has deposited $2,500,000 into the Replacement Reserve Account and will be maintained for the life of all RWRA loans. No additional reserve will be required as a result of this loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

_____
TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

_____
SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

_____
PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT KENTUCKY 40601
www.kentucky.gov

February 22, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: CWL#2011-125 Fund A KIA A10-13
Max Rhoads WWTP--946
Activity ID: FGL20110004
Watershed Name: Cowhide of Slough of Ohio River
Watershed Code (HUC11): 05140201240

Dear Mr. Covington:

Enclosed is the revised budget for the above-referenced project. The Regional Water Resource Agency is requesting $1,785,500 which will revise the loan amount to $5,790,500. This increase does require board approval. The Division of Water recommends approval of this request.

If you have any questions, please contact Buddy Griffin, Project Administrator, at (502) 564-8158, extension 4971.

Sincerely,

Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:bg

Enclosure

c: Mr. David Hawes, Executive Director, RWRA
Sheryl Chino, GRADD
Chuck Anderson, PEH/Strand Engineers

KentuckyUnbridledSpirit.com
Kentucky UNBRIDLED SPIRIT
An Equal Opportunity Employer M/F/D

EXECUTIVE SUMMARY		Reviewer:	Sandy Williams
KENTUCKY INFRASTRUCTURE AUTHORITY		Date:	March 1, 2012
FUND A, FEDERALLY ASSISTED WASTEWATER		KIA Loan Number:	**A10-13 (Increase)**
REVOLVING LOAN FUND		WRIS Number	**SX21059034, SX21059040**
		HUC Code:	05140201240

BORROWER:	**REGIONAL WATER RESOURCE AGENCY**
	DAVIESS COUNTY

BRIEF DESCRIPTION:

The Regional Water Resource Agency (RWRA) is requesting an increase of $1,785,500 to the previously approved $4,005,000 Veterans Drive project. This increase will fund an upgrade to the Locust Street Pump Station which will finalize capacity improvements needed for transport of additional combined sewage to the Max Rhoad's Treatment Plant for secondary treatment. Recent improvements at this plant will enable RWRA to treat the additional combined sewage that is generated through the Veterans Drive project. The original project summary is below.

The Agency is under enforcement to mitigate combined sewer overflows. First, the Dublin Lane sewer outfall is deteriorating rapidly. A new outfall sewer at a higher elevation will be constructed and a pump station intake will be reconstructed. This will establish a configuration that will improve CSO environmental conditions at this location thus reducing combined sewage overflows.

The Veterans Drive Sewer Rehabilitation project is an extension, replacement and upgrade to an existing combined sewer that runs parallel to the Ohio River beginning at Daviess Street to the Locust Street Tunnel Sewer. This project will continue improvement from Frederica Street westward to the Locust Street Tunnel sewer system and reduce overflows at the Daviess Street and Frederica Street CSO's, respectively. Because this project is a part of RWRA's Long-Term Control Plan for the entire system, it effectively impacs the entire population of 64,000 served by RWRA.

PROJECT FINANCING:		PROJECT BUDGET	
KIA	$ 5,790,500	Legal Expenses	25,000
Local Funding	294,500	Engineering Fees	435,000
		Construction	5,180,000
		Contingency	340,000
		Other	105,000
TOTAL	$ 6,085,000	TOTAL	$ 6,085,000

REPAYMENT				
			Est. Annual	
	Rate	1.00%	Payment	$ 331,744
	Term	20 years	1st Payment	6 Mo. after first draw

PROFESSIONAL SERVICES		
	Engineer	PEH/Strand Engineers
	Bond Counsel	Peck, Shaffer, & Williams

PROJECT SCHEDULE		**Dublin Lane**	**Veteran's Drive**
	Bid Opening:	March 1, 2011	February 1, 2011
	Construction Start:	June 1, 2011	March 1, 2011
	Construction Stop:	November 1, 2011	August 1, 2013

DEBT PER CUSTOMER		
	Existing:	$ 1,049
	Proposed:	$ 1,083

OTHER DEBT	
	See Attached

OTHER STATE-FUNDED PROJECTS LAST 5 YRS	
	See Attached

RESIDENTIAL RATES		Users	Avg. Bill	
	Current	28,219	$22.23	(for 4,000 gallons)
	Additional	0	$ 22.23	(for 4,000 gallons)

REGIONAL COORDINATION	
	This project is consistent with regional planning recommendations.

CASHFLOW	**Cash Available for Debt Service**	**Debt Service**	**Income after Debt Service**	**Coverage Ratio**
Audited 2008	10,173,741	3,054,467	7,119,274	3.3
Audited 2009	5,492,616	3,032,595	2,460,021	1.8
Audited 2010	5,183,640	3,346,496	1,837,144	1.5
Audited 2011	6,210,318	3,185,397	3,024,921	1.9
Projected 2012	5,016,709	2,709,134	2,307,575	1.9
Projected 2013	4,869,893	2,738,334	2,131,559	1.8
Projected 2014	4,711,640	2,948,762	1,762,878	1.6
Projected 2015	4,541,381	3,163,391	1,377,990	1.4
Projected 2016	4,358,523	3,159,791	1,198,732	1.4
Projected 2017	4,162,445	3,130,657	1,031,788	1.3

Reviewer: Sandy Williams
Date: March 1, 2012
Loan Number: A10-13 Increase

KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND "A")
REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY
PROJECT REVIEW
SX21059034, SX21059040

I. PROJECT DESCRIPTION

The Regional Water Resource Agency (RWRA) is requesting an increase of $1,785,500 to the previously approved $4,005,000 Veterans Drive project for a new Fund A loan amount of $5,790,500. This increase will fund an upgrade to the Locust Street Pump Station which will finalize capacity improvements needed for transport of additional combined sewage to the Max Rhoad's Treatment Plant for secondary treatment. Recent improvements at this plant will enable RWRA to treat the additional combined sewage that is generated through the Veterans Drive project. The Locust Street Pump Station is located on a property that is slated to become Owensboro's new Convention and Events Center along with a new hotel facility. Based on the constructions schedule of these facilities it is prudent to proceed with the rehabilitation and upgrade of the pump station prior to, or in conjunction with, construction occurring on the adjacent properties.

The original loan request in the amount of $4,005,000 was to complete two projects at Dublin Lane and at Veterans Drive. RWRA is under enforcement with the Commonwealth of Kentucky (September 5, 2007) to mitigate combined sewer overflows.

RWRA was created by the enactment of identical ordinances by the City of Owensboro and Daviess County Fiscal Court on October 18, 1994 and October 5, 1994, respectively, for the purpose of managing, controlling and operating regional comprehensive wastewater facilities within Daviess County. RWRA is considered a related organization of the City of Owensboro and Daviess County. All operations of the RWRA are managed by its own professional staff and governed by a board of directors, which consists of four city board appointments and three county board appointments. RWRA revenue is derived 100% from its ratepayers who reside in areas of Daviess County inside and outside of the city limits.

RWRA is a regionalization model for other counties in Kentucky and nationally. The Wastewater Treatment Plant was highlighted in EPA's 2004 Annual Report on the Clean Water State Revolving Fund Programs.

Dublin Lane Sewer Outfall

The Dublin Lane sewer outfall is deteriorating rapidly. A new outfall sewer at a higher elevation will be constructed and a pump station intake will be reconstructed. This will establish a configuration that will improve CSO environmental conditions at this location thus reducing combined sewage overflows.

Veterans Drive Sewer Rehabilitation

The Veterans Drive Sewer Rehabilitation project is an extension, replacement and upgrade to an existing combined sewer that runs parallel to the Ohio River beginning at Daviess Street to the Locust Street Tunnel Sewer. This project will continue improvement from Frederica Street westward to the Locust Street Tunnel sewer system and reduce overflows at the Daviess Street and Frederica Street CSO's, respectively. This project is a part of RWRA's Long-Term Control Plan.

II. PROJECT BUDGET

		Total
Legal Expenses	$	25,000
Engineering Fees		435,000
Construction		5,180,000
Contingency		340,000
Other		105,000
Total	**$**	**6,085,000**

III. PROJECT FUNDING

		Amount	%
KIA	$	5,790,500	100%
Local Funding		294,500	5%
Total	**$**	**6,085,000**	**100%**

IV. KIA DEBT SERVICE

	Revised	**Increase**	**Original**
Construction Loan	$5,790,500	$1,785,500	$4,005,000
Interest Rate	1.00%	1.00%	1.00%
Loan Term (years)	20	20	20
Estimated Annual Debt Service	$ 320,163	$ 98,722	$ 221,441
Administrative Fee (0.20%)	11,581	3,571	8,010
Total Estimated Annual Debt Service	**$ 331,744**	$ 102,293	$ 229,451

V. PROJECT SCHEDULE

	Dublin Lane	**Veterans Drive**
Bid Opening	March 1, 2011	February 1, 2011
Construction Start	June 1, 2011	March 1, 2011
Construction Stop	November 1, 2011	August 1, 2013

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers	Current
Residential	25,634
Commercial	2,514
Industrial	71
	28,219

B) Rates

Date of Last Rate Increase	7/1/2007
Minimum	$10.71
Rates Per 1,000 Gallons	$3.57
System Development Fee	$7.95
Cost for 4,000 gallons	**$22.23**
Affordability Index (Rate/MHI)	0.8%

The Following Fees Apply To RWRA's Sewer Extension Areas

Capacity Fee for each Equivalent Residential Unit (ERU) is $398.00. Qualified existing users are allowed to pay in monthly installments of $2.40/month.

System Development Fee for each ERU is currently $1,320.00. Qualified existing users are allowed to pay this fee in monthly installments of $7.95/month. All proposed and future customers within the project area will be charged an ERU fee of $1,320.00 to be billed in monthly installments of $7.95.

Assessment Fee – when the extension of service requires the construction of collection sewers within a neighborhood or area, the associated costs of the extension is pro-rated and apportioned to the served properties. These costs vary between projects. Existing property owners have the option to finance assessment fees on their monthly bill or pay the full amount in advance.

Industrial Surcharge - Commercial/Industrial customers with high-strength waste above the RWRA discharge limits will be assessed "surcharges" to offset the additional costs of treatment. Current charges are $0.145 per pound of Biochemical Oxygen Demand (B.O.D.) and $0.156 per pound of Total Suspended Solids (T.S.S.) for strength exceeding 265 mg/l.

VII. DEMOGRAPHICS

RWRA serves approximately 26,000 customers in Owensboro and Daviess County. In 2000, Owensboro's Median Household Income (MHI) was $31,867 and the MHI for Daviess County was $36,813. The median household income for the Commonwealth is $33,672. The MHI of the Dublin Lane project area is $23,483 and the MHI of the Veterans Lane project area is $20,529. The individual census tract data from the 2000

US Census was obtained from the Kentucky State Data Center. Based on median household income, the project will qualify for the 1% interest rate.

VIII. 2010 CAPITALIZATION GRANT EQUIVALENCIES

1) Green Project Reserve - This project does not include Green Project Reserve (GPR) components.
2) Additional Subsidization – This project does not qualify for principal forgiveness.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information for the utility was obtained from the audited financial statements of the Regional Water Resource Agency for the years ended June 30, 2006 through 2011. Total debt service has ranged from a high of 3.3 in 2008 to 1.5 in 2010 and was 1.9 in 2011.

HISTORICAL

Revenue from sewer service charges increased 8% from 2008 to 2011 due to usage increases (6%) and customer increases (2%). In aggregate, revenues increased by 6.9% since 2008. Operating expenses increased 11% due to increased benefit, repairs and utility costs.

RWRA has maintained designated reserves for a number of years. As a part of the KIA loan agreement, $2,500,000 has been designated as a reserve. Prior to 2011 the Board had designated $2,000,000 as an emergency capital reserve, $1,000,000 as an operating reserve, and $500,000 as a replacement reserve. The majority of these reserves were depleted during 2011 due to the early extinguishment of a KIA loan (A95-06) that carried a 3.8% interest rate. RWRA's intent is to replenish these reserves as soon as funds become available. The Board as also designated $3,190,390 as a reserve for capacity.

PROJECTIONS

Projections are based on the following assumptions:

1. Revenue will increase 2% per year inclusive of the 73 customers that are anticipated to be added from the Locust Hills project.
2. Expenses will increase 4% per year.
3. Debt service assumes 2 new loans totaling $1,944,210 from KIA (A12-14 and A12-15) will be approved. The requests are being submitted for approval on March 1, 2012.
4. The $2.5 million Replacement Reserve will remain fully funded.

The new debt service for all three loans is estimated at $215,687 annually and will increase overall debt service to $3,154,472 in 2015. Debt service coverage is 1.4 in 2015, which is the first full year of principal and interest payments.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

REPLACEMENT RESERVE

$2,500,000 has been deposited into the Replacement Reserve Account and will be maintained for the life of all RWRA loans. No additional reserve will be required as a result of this loan.

X. DEBT OBLIGATIONS

	Outstanding	Maturity
2007 Series A Revenue Bonds	$5,725,000	varies
KIA A99-04	16,580,547	2023
KIA A06-02	6,057,080	2028
KIA A07-08	1,262,461	2029
KIA A10-13 (i/a/o $4,005,000)	0	TBD
Total	**$29,625,088**	

XI. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

Project Title	Funding Source	Amount	Type
CDBG #2	CDBG	$445,860	Grant
Yellow Creek Park PTP Connection	HB267	$57,000	Grant
Glenview Subdivision Sewer Extension	HB267	$243,888	Grant
Riverside/Highlands Sewer Extension		$370,500	Grant
Broad Acre Sewer Extension	HB380	$140,000	Grant

XII. CONTACTS

Applicant

Name	Regional Water Resource Agency
Address	1722 Pleasant Valley Road Owensboro, KY 42303
County	Daviess
Contact	David Hawes
Phone	(270) 687-8440
Email	hawesdw@rwra.org

Applicant Contact

Name	Green River Area Development District
Address	3860 US Highway 60 West Owensboro, KY 42301
Contact	Sheryl Chino
Phone	(270) 926-4433
Email	Sheryl.Chino@gradd.com

Engineer

Name	Chuck Anderson
Firm	PEH/Strand Engineers
Address	Waterfront Plaza, Suite 710, 325 West Main Street Louisville, KY 40202
Phone	(502) 583-7020

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan increase with the standard conditions.

REGIONAL WATER RESOURCE AGENCY
BALANCE SHEETS

ASSETS	Audited 2007	Audited 2008	Audited 2009	Audited 2010	Audited 2011	Project Completion 2014
Current Assets						
Cash and Cash Equvalents	600	350	350	350	350	350
Accounts Receivable	1,863,714	1,967,653	2,055,827	1,938,689	2,005,144	2,128,000
Equity in External Investment Pool	849,196	2,098,335	3,350,800	2,351,852	1,500,527	3,052,000
Other Current Assets	486,811	300,148	370,272	179,108	193,552	200,000
Total Current Assets	3,200,321	4,366,486	5,777,249	4,469,999	3,699,573	5,380,350
Restricted Assets						
Revenue Bond Debt Service Reserve	680,067	686,078	677,121	674,776	674,783	675,000
Construction Account	0	0	0	0	0	0
Renewal & Replacement Account - KIA	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Renewal & Replacement Account - Internal	500,000	500,000	500,000	500,000	0	0
Emergency Capital Reserve	2,000,000	2,000,000	2,000,000	2,000,000	0	0
Operating Reserve	1,000,000	1,000,000	1,000,000	1,000,000	0	1,000,000
Construction Account	4,171,417	2,287,565	891,052	0	0	0
Debt Service	270,402	203,619	210,380	210,038	166,289	175,000
Reserved Capacity Fees	2,048,471	2,387,674	2,647,169	2,909,027	3,190,390	3,200,000
Total Restricted Assets	13,170,357	11,564,936	10,425,722	9,793,841	6,531,462	7,550,000
Utility Plant						
Land, System, Building and Equipment	98,055,620	106,213,300	104,101,632	107,964,857	111,508,756	119,720,451
Less Accumulated Depreciation ( )	(36,246,759)	(39,015,999)	(37,961,536)	(41,645,112)	(44,740,119)	(56,541,319)
Net Fixed Assets	61,808,861	67,197,301	66,140,096	66,319,745	66,768,637	63,179,132
Other Assets						
Unamortized Bond Costs and Discount, Net	127,540	121,163	114,786	108,409	102,032	82,901
Total Other Assets	127,540	121,163	114,786	108,409	102,032	82,901
Total Assets	78,307,079	83,249,886	82,457,853	80,691,994	77,101,704	76,192,383
LIABILITIES						
Current Liabilities						
Accounts Payable	277,588	678,595	374,457	420,443	696,467	600,000
Accrued Liabilities	94,188	123,346	148,109	157,231	191,414	200,000
Total Current Liabilities	371,776	801,941	522,566	577,674	887,881	800,000
Liabilities Payable - Restricted Assets						
Current Maturities of Long Term Debt	2,356,702	2,418,809	2,536,579	2,587,893	2,232,936	2,354,971
Contracts and Retainage Payable	59,847	22,598	20,818	61,578	64,085	25,000
Accrued Interest	76,191	0	137,834	0	0	75,000
Deferred Revenue	0	0	0	150,000	46,098	0
Total Liabilities Payable - Restricted Assets	2,492,740	2,441,407	2,695,231	2,799,471	2,343,119	2,454,971
Long Term Liabilities						
Compensated Absences	539,685	560,529	578,817	734,907	688,484	750,000
Long Term Debt	37,578,084	36,183,666	35,105,074	32,525,666	27,360,069	20,549,573
KIA (A10-13, A12-02)	0	0	0	0	0	7,734,710
Total Long Term Liabilities	38,117,769	36,744,195	35,683,891	33,260,573	28,048,553	29,034,283
Total Liabilities	40,982,285	39,987,543	38,901,688	36,637,718	31,279,553	32,289,254
Equity						
Total Equity	37,324,794	43,262,343	43,556,165	44,054,276	45,822,151	43,903,129
Total Liabilities and Equities	78,307,079	83,249,886	82,457,853	80,691,994	77,101,704	76,192,383
Balance Sheet Analysis						
Current Ratio	8.6	5.4	11.1	7.7	4.2	6.7
Debt to Equity	1.1	0.9	0.9	0.8	0.7	0.7
Days Sales Outstanding	54.8	56.3	57.8	53.1	53.7	53.7

EXHIBIT 1
REGIONAL WATER RESOURCE AGENCY
CASH FLOW ANALYSIS

Operating Revenues	**Audited 2008**	**% Change**	**Audited 2009**	**% Change**	**Audited 2010**	**% Change**	**Audited 2011**	**Projected 2012**	**Projected 2013**	**Projected 2014**	**Projected 2015**	**Projected 2016**
Sewer Service Charges	11,116,102	2%	11,322,161	3%	11,713,336	2%	11,994,063	12,233,944	12,478,623	12,728,195	12,982,759	13,242,414
Industrial Surcharge	402,976	59%	639,522	-6%	598,043	-6%	562,118	573,360	584,827	596,524	608,454	620,623
Sewer Taps	137,017	-35%	89,048	8%	95,851	10%	105,209	107,313	109,459	111,648	113,881	116,159
Storm Water	553,871	6%	588,520	10%	649,460	-8%	598,061	610,022	622,222	634,666	647,359	660,306
Other	547,389	-37%	343,380	-20%	273,853	38%	378,410	385,978	393,698	401,572	409,603	417,795
Total Revenues	12,757,355	2%	12,982,631	3%	13,330,543	2%	13,637,861	13,910,617	14,188,829	14,472,605	14,762,056	15,057,297
Operating Expenses												
Operating Expenses	9,166,888	6%	9,679,739	5%	10,150,790	1%	10,217,022	10,625,703	11,050,731	11,492,760	11,952,470	12,430,569
Depreciation	3,480,729	9%	3,786,463	1%	3,814,586	1%	3,836,154	3,870,300	3,975,600	3,955,300	3,955,300	3,955,300
Replacement Reserve	0		0		0		0	0	0	0	0	0
Total Expenses	12,647,617	6%	13,466,202	4%	13,965,376	1%	14,053,176	14,496,003	15,026,331	15,448,060	15,907,770	16,385,869
Net Operating Income	109,738	-541%	(483,571)	31%	(634,833)	-35%	(415,315)	(585,386)	(837,502)	(975,455)	(1,145,714)	(1,328,572)
Non-Operating Income and Expenses												
Investment Income	621,927	8%	674,164	-54%	307,817	-57%	132,304	132,304	132,304	132,304	132,304	132,304
Miscellaneous Income	424,819		322,792		728,585		214,491	214,491	214,491	214,491	214,491	214,491
Capital Contributions	5,594,193		1,256,327		1,028,432		2,516,554	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
Miscellaneous Expense	(57,665)		(63,559)		(60,947)		(73,870)	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)
Total Non-Operating Income & Expenses	6,583,274	-67%	2,189,724	-8%	2,003,887	39%	2,789,479	1,731,795	1,731,795	1,731,795	1,731,795	1,731,795
Add Non-Cash Expenses												
Depreciation	3,480,729	9%	3,786,463	1%	3,814,586	1%	3,836,154	3,870,300	3,975,600	3,955,300	3,955,300	3,955,300
Cash Available for Debt Service	**10,173,741**	**-46%**	**5,492,616**	**-6%**	**5,183,640**	**20%**	**6,210,318**	**5,016,709**	**4,869,893**	**4,711,640**	**4,541,381**	**4,358,523**
Debt Service *(enter as positive #'s)*												
Existing Debt	3,054,467		3,032,595		3,346,496		3,185,397	2,704,134	2,703,334	2,701,734	2,709,334	2,705,734
KIA Loan (A10-13) (original)	0		0		0		0	0	0	114,725	229,451	229,451
Proposed KIA Loans (A12-14 and A12-15))	0		0		0		0	0	0	56,697	113,394	113,394
KIA Loan (A10-13) (increase)	0		0		0		0	0	0	51,147	102,293	102,293
Construction Period Interest	0		0		0		0	5,000	35,000	20,000	0	0
Total Debt Service	3,054,467		3,032,595		3,346,496		3,185,397	2,709,134	2,738,334	2,944,303	3,154,472	3,150,872
Income After Debt Service	7,119,274		2,460,021		1,837,144		3,024,921	2,307,575	2,131,559	1,767,337	1,386,909	1,207,651
Debt Coverage Ratio	3.3		1.8		1.5		1.9	1.9	1.8	1.6	1.4	1.4

2/28/2012 9:19 AM, Cashflow
K:\2 Loan Team\Fund A Loans\RWRA (2012 App) A12-15\Executive Summary, Regional Water Resource Agency (A12-15).xls

ATTACHMENT

I.B.6.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-14) OF $357,335 TO THE REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Wastewater Revolving Loan Program (Fund A) with the Regional Water Resource Agency, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund A loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Wastewater Revolving Fund loan for $357,335 of project expense including capitalized interest for the construction period, to the Regional Water Resource Agency for

the Locust Hills Sewer Extension Project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable over 20 years at an interest rate of 2.0%. In addition to debt service, a 0.2% annual administration fee on the unpaid loan balance will be charged. RWRA has deposited $2,500,000 into the Replacement Reserve Account and will be maintained for the life of all RWRA loans. No additional reserve will be required as a result of this loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

_____
TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

_____
SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

_____
PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 21, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: CWL 12064 Fund A
Owensboro East WWTP--937
HUC-11#05110005100, Panther Creek near Rome
HUC-11#05140201220, Van Buren Creek
HUC-11#05140201240, Cowhide Slough of Ohio River
Activity ID: FGL20120003

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the Regional Water Resource Agency is entitled to receive priority for funding for the Various Slip Lining Improvements and Locust Hill Sewer Extension project and is eligible to receive $1,944,210 from the Clean Water State Revolving Fund. The following requirements have been addressed as follows:

1. Plans and specifications are expected to be submitted to DOW by the following dates: Locust Hill Sewer Extension, May 2012; Various Slip Lining Improvements, March 15, 2012.

2. Construction bids are expected to be opened for the Locust Hill Sewer Extension in July, 2012. The Various Slip Lining Improvements will bid in phases: Phase 1in March 2012, phase 2 in July 2012, and phase 3 in October 2012.

3. Project specific environmental information was approved by DOW on November 8, 2011 for the Various Slip Lining Improvements, and November 15, 2011 for the Locust Hill Sewer Extension.

The binding commitment letter should include the following general conditions to satisfy federal requirements:

1. The Authority to Award (bid) package must be submitted to DOW for approval within 14 days of bid opening. DOW must perform the DBE reviews, conduct a pre-construction and project management conference.

2. Loan Agreement must be executed within six (6) months from bid opening.

3. The city must agree to expend all loan funds within six months of the date of initiation of operation.

4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.

5. The borrower must complete and submit any missing or incomplete parts of the Application to KIA upon request.

6. The borrower must receive DOW approval of the Plans and Specifications before bidding the project.

KentuckyUnbridledSpirit.com
Kentucky UNBRIDLED SPIRIT
An Equal Opportunity Employer M/F/D

7. The borrower must receive DOW approval of the Environmental Assessment before bidding the project.

Upon compliance with the general and special conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

The SRF application has been completed by staff of the Kentucky Infrastructure Authority (KIA). If you have any questions or concerns regarding missing or additional submission requirements, please contact KIA at (502) 573-0260. Should you have any questions concerning this letter, do not hesitate to contact Alison Simpson, Project Administrator, at (502) 564-8158, extension 4591.

Sincerely,

Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:as

Enclosures

C: Mr. David Hawes, RWRA
Sheryl Chino, GRADD

EXECUTIVE SUMMARY		Reviewer:	Sandy Williams
KENTUCKY INFRASTRUCTURE AUTHORITY		Date:	March 1, 2012
FUND A, FEDERALLY ASSISTED WASTEWATER		KIA Loan Number:	**A12-14**
REVOLVING LOAN FUND		WRIS Number	**SX21059025**
		HUC Code:	05140201240

BORROWER:	**REGIONAL WATER RESOURCE AGENCY**
	DAVIESS COUNTY

BRIEF DESCRIPTION:

The Regional Water Resource Agency (RWRA) is requesting funds for the Locust Hills Sewer Extension. The Agency is under enforcement to mitigate combined sewer overflows. The primary impact of the project will be to provide service to unsewered properties.

PROJECT FINANCING:		PROJECT BUDGET	
KIA	$ 357,335	Administrative Expenses	$ 16,875
Local Funds	48,735	Legal Expenses	6,000
EPA SPAP	213,000	Land, Easements	6,000
		Engineering Fees	48,735
		Construction	470,835
		Contingency	70,625
TOTAL	$ 619,070	TOTAL	$ 619,070

REPAYMENT				
	Rate	2.00%	Est. Annual Payment	$ 22,480
	Term	20 years	1st Payment	6 Mo. after first draw

PROFESSIONAL SERVICES		
	Engineer	Regional Water Resource Agency
	Bond Counsel	Peck, Shaffer, & Williams

PROJECT SCHEDULE	
Bid Opening:	02/21/12
Construction Start:	03/25/12
Construction Stop:	10/15/12

DEBT PER CUSTOMER		
	Existing:	$ 1,049
	Proposed:	$ 1,083

OTHER DEBT	See Attached
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached

RESIDENTIAL RATES		Users	Avg. Bill	
	Current	28,219	$22.23	(for 4,000 gallons)
	Additional	73	$22.23	(for 4,000 gallons)

REGIONAL COORDINATION	This project is consistent with regional planning recommendations.

CASHFLOW	**Cash Available for Debt Service**	**Debt Service**	**Income after Debt Service**	**Coverage Ratio**
Audited 2008	10,173,741	3,054,467	7,119,274	3.3
Audited 2009	5,492,616	3,032,595	2,460,021	1.8
Audited 2010	5,183,640	3,346,496	1,837,144	1.5
Audited 2011	6,210,318	3,185,397	3,024,921	1.9
Projected 2012	5,016,709	2,709,134	2,307,575	1.9
Projected 2013	4,869,893	2,738,334	2,131,559	1.8
Projected 2014	4,711,640	2,944,303	1,767,337	1.6
Projected 2015	4,541,381	3,154,472	1,386,909	1.4
Projected 2016	4,358,523	3,150,872	1,207,651	1.4
Projected 2017	4,162,445	3,121,738	1,040,707	1.3

Reviewer: Sandy Williams
Date: March 1, 2012
Loan Number: A12-14

KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND "A")
REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY
PROJECT REVIEW
SX21059025

I. PROJECT DESCRIPTION

The Regional Water Resource Agency (RWRA) is requesting a Fund A loan in the amount of $357,335 to complete the Locust Hills Sewer Extension project. RWRA is under enforcement with the Commonwealth of Kentucky (September 5, 2007) to mitigate combined sewer overflows (CSOs). The primary impacts of the project will be to provide service to unsewered properties.

This project proposes the extension of sanitary sewers throughout the Locust Hills subdivision. The neighborhood is currently served by separate septic systems. The project will require the installation of approximately 7,300 feet of eight inch PVC gravity sewers, thirty-six manholes and a lift station near Thurston Dermont Road with 1,300 feet of PVC force main to discharge into the new gravity sewer system that will be constructed west of the ridge in the middle of the subdivision. The flow from this neighborhood will be routed through the existing public collection system in the Thoroughbred East subdivision, ultimately being treated at the Owensboro East Wastewater Treatment Plant. This project will serve seventy-three lots within the subdivision, although three of the lots currently have service via a pump station in nearby Bordeaux Loop subdivision. Completion of this project will also result in the elimination of the pump station which currently serves approximately fifty customers.

RWRA was created by the enactment of identical ordinances by the City of Owensboro and Daviess County Fiscal Court on October 18, 1994 and October 5, 1994, respectively, for the purpose of managing, controlling and operating regional comprehensive wastewater facilities within Daviess County. RWRA is considered a related organization of the City of Owensboro and Daviess County. All operations of the RWRA are managed by its own professional staff and governed by a board of directors, which consists of four city board appointments and three county board appointments. RWRA revenue is derived 100% from its ratepayers who reside in areas of Daviess County inside and outside of the city limits.

RWRA is a regionalization model for other counties in Kentucky and nationally. The Wastewater Treatment Plant was highlighted in EPA's 2004 Annual Report on the Clean Water State Revolving Fund Programs.

II. PROJECT BUDGET

		Total
Administrative Expenses	$	16,875
Legal Expenses		6,000
Land, Easements		6,000
Engineering Fees		48,735
Construction		470,835
Contingency		70,625
Total	$	619,070

III. PROJECT FUNDING

	Amount	%
KIA	357,335	100%
Local	48,735	11%
EPA SPAP	213,000	9%
Total	619,070	**100%**

IV. KIA DEBT SERVICE

Construction Loan	$	357,335
Interest Rate		2.00%
Loan Term (years)		20
Estimated Annual Debt Service	$	21,766
Administrative Fee (0.20%)		715
Total Estimated Annual Debt Service	**$**	**22,481**

V. PROJECT SCHEDULE

Bid Opening:	02/21/12
Construction Start:	03/25/12
Construction Stop:	10/15/12

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers	**Current**	**Proposed**	**Total**
Residential	25,634	73	25,707
Commercial	2,514	0	2,514
Industrial	71	0	71
	28,219	73	28,292

B) Rates

The monthly charge for wastewater utility service is:

Date of Last Rate Increase	7/1/2007
Minimum	$10.71
Rates Per 1,000 Gallons	3.57
System Development Fee	7.95
Cost for 4,000 gallons	**$22.23**
Affordability Index (Rate/MHI)	0.6%

The Following Fees Apply To RWRA's Sewer Extension Areas

Capacity Fee for each Equivalent Residential Unit (ERU) is $398.00. Qualified existing users are allowed to pay in monthly installments of $2.40/month.

System Development Fee for each ERU is currently $1,320.00. Qualified existing users are allowed to pay this fee in monthly installments of $7.95/month. All proposed and future customers within the project area will be charged an ERU fee of $1,320.00 to be billed in monthly installments of $7.95.

Assessment Fee – when the extension of service requires the construction of collection sewers within a neighborhood or area, the associated costs of the extension is pro-rated and apportioned to the served properties. These costs vary between projects. Existing property owners have the option to finance assessment fees on their monthly bill or pay the full amount in advance.

Industrial Surcharge - Commercial/Industrial customers with high-strength waste above the RWRA discharge limits will be assessed "surcharges" to offset the additional costs of treatment. Current charges are $0.145 per pound of Biochemical Oxygen Demand (B.O.D.) and $0.156 per pound of Total Suspended Solids (T.S.S.) for strength exceeding 265 mg/l.

VII. DEMOGRAPHICS

RWRA serves approximately 28,000 customers in Owensboro and Daviess County. In 2010, Owensboro's Median Household Income (MHI) was $35,508 and the MHI for Daviess County was $42,268. The median household income for the Commonwealth is $41,197.The project will qualify for the 2% interest rate due to the regional status of the borrower.

VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

1) Green Project Reserve - This project does not include Green Project Reserve (GPR) components.

2) Additional Subsidization – This project does not qualify for principal forgiveness.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information for the utility was obtained from the audited financial statements of the Regional Water Resource Agency for the years ended June 30, 2006 through 2011. Total debt service coverage has ranged from a high of 3.3 in 2008 to 1.5 in 2010 and was 1.9 in 2011.

HISTORICAL

Revenue from sewer service charges increased 8% from 2008 to 2011 due to usage increases (6%) and customer increases (2%). In aggregate, revenues increased by 6.9% since 2008. Operating expenses increased 11% due to increased benefits, repairs and utility costs.

RWRA has maintained designated reserves for a number of years. As a part of the KIA loan agreement, $2,500,000 has been designated as a reserve. Prior to 2011 the RWRA Board had designated $2,000,000 as an emergency capital reserve, $1,000,000 as an operating reserve, and $500,000 as a replacement reserve. The majority of these reserves were depleted during 2011 due to the early extinguishment of a KIA loan (A95-06) that carried a 3.8% interest rate. RWRA's intent is to replenish these reserves as soon as funds become available. The RWRA Board as also designated $3,190,390 as a reserve for capacity.

PROJECTIONS

Projections are based on the following assumptions:

1. Revenue will increase 2% per year inclusive of the 73 customers that are anticipated to be added from the Locust Hills project.
2. Expenses will increase 4% per year.
3. Debt service assumes approval of both the $1,785,500 loan increase to the Veteran's Drive project (A10-13) and the new request of $1,586,875 (A12-15). The loan requests are being submitted for approval on March 1, 2012.
4. The $2.5 million Replacement Reserve will remain fully funded.

The new debt service for all three loan requests is estimated at $215,687 annually and will increase overall debt service to $3,154,472 in 2015. Debt service coverage is 1.4 in 2015, which is the first full year of principal and interest payments.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

REPLACEMENT RESERVE

$2,500,000 has been deposited into the Replacement Reserve Account and will be maintained for the life of all RWRA loans. No additional reserve will be required as a result of this loan.

X. DEBT OBLIGATIONS

	Outstanding	Maturity
2007 Series A Revenue Bonds	$5,725,000	varies
KIA A99-04	16,580,547	2023
KIA A06-02	6,057,080	2028
KIA A07-08	1,262,461	2029
KIA A10-13 (i/a/o $4,005,000)	0	TBD
Total	**$29,625,088**	

XI. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

Project Title	Funding Source	Amount	Type
CDBG #2	CDBG	$445,860	Grant
Yellow Creek Park PTP Connection	HB267	$57,000	Grant
Glenview Subdivision Sewer Extension	HB267	$243,888	Grant
Riverside/Highlands Sewer Extension		$370,500	Grant
Broad Acre Sewer Extension	HB380	$140,000	Grant

XII. CONTACTS

Applicant

Name	Regional Water Resource Agency
Address	1722 Pleasant Valley Road Owensboro, KY 42303
County	Daviess
Contact	David Hawes
Phone	(270) 684-0174
Email	hawesdw@rwra.org

Applicant Contact

Name	Green River Area Development District
Address	3860 US Highway 60 West Owensboro, KY 42301
Contact	Sheryl Chino
Phone	(270) 926-4433
Email	Sheryl.Chino@gradd.com

Engineer

Name	David Hawes
Firm	Regional Water Resource Agency
Address	1722 Pleasant Valley Road Owensboro, KY 42303
Phone	(270) 684-0714
Email	hawesdw@rwra.org

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

REGIONAL WATER RESOURCE AGENCY
BALANCE SHEETS

ASSETS	Audited 2007	Audited 2008	Audited 2009	Audited 2010	Audited 2011	Project Completion 2014
Current Assets						
Cash and Cash Equvalents	600	350	350	350	350	350
Accounts Receivable	1,863,714	1,967,653	2,055,827	1,938,689	2,005,144	2,128,000
Equity in External Investment Pool	849,196	2,098,335	3,350,800	2,351,852	1,500,527	3,052,000
Other Current Assets	486,811	300,148	370,272	179,108	193,552	200,000
Total Current Assets	3,200,321	4,366,486	5,777,249	4,469,999	3,699,573	5,380,350
Restricted Assets						
Revenue Bond Debt Service Reserve	680,067	686,078	677,121	674,776	674,783	675,000
Construction Account	0	0	0	0	0	0
Renewal & Replacement Account - KIA	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Renewal & Replacement Account - Internal	500,000	500,000	500,000	500,000	0	0
Emergency Capital Reserve	2,000,000	2,000,000	2,000,000	2,000,000	0	0
Operating Reserve	1,000,000	1,000,000	1,000,000	1,000,000	0	1,000,000
Construction Account	4,171,417	2,287,565	891,052	0	0	0
Debt Service	270,402	203,619	210,380	210,038	166,289	175,000
Reserved Capacity Fees	2,048,471	2,387,674	2,647,169	2,909,027	3,190,390	3,200,000
Total Restricted Assets	13,170,357	11,564,936	10,425,722	9,793,841	6,531,462	7,550,000
Utility Plant						
Land, System, Building and Equipment	98,055,620	106,213,300	104,101,632	107,964,857	111,508,756	119,720,451
Less Accumulated Depreciation ( )	(36,246,759)	(39,015,999)	(37,961,536)	(41,645,112)	(44,740,119)	(56,541,319)
Net Fixed Assets	61,808,861	67,197,301	66,140,096	66,319,745	66,768,637	63,179,132
Other Assets						
Unamortized Bond Costs and Discount, Net	127,540	121,163	114,786	108,409	102,032	82,901
Total Other Assets	127,540	121,163	114,786	108,409	102,032	82,901
Total Assets	78,307,079	83,249,886	82,457,853	80,691,994	77,101,704	76,192,383
LIABILITIES						
Current Liabilities						
Accounts Payable	277,588	678,595	374,457	420,443	696,467	600,000
Accrued Liabilities	94,188	123,346	148,109	157,231	191,414	200,000
Total Current Liabilities	371,776	801,941	522,566	577,674	887,881	800,000
Liabilities Payable - Restricted Assets						
Current Maturities of Long Term Debt	2,356,702	2,418,809	2,536,579	2,587,893	2,232,936	2,354,971
Contracts and Retainage Payable	59,847	22,598	20,818	61,578	64,085	25,000
Accrued Interest	76,191	0	137,834	0	0	75,000
Deferred Revenue	0	0	0	150,000	46,098	0
Total Liabilities Payable - Restricted Assets	2,492,740	2,441,407	2,695,231	2,799,471	2,343,119	2,454,971
Long Term Liabilities						
Compensated Absences	539,685	560,529	578,817	734,907	688,484	750,000
Long Term Debt	37,578,084	36,183,666	35,105,074	32,525,666	27,360,069	20,549,573
KIA (A10-13, A12-02)	0	0	0	0	0	7,734,710
Total Long Term Liabilities	38,117,769	36,744,195	35,683,891	33,260,573	28,048,553	29,034,283
Total Liabilities	40,982,285	39,987,543	38,901,688	36,637,718	31,279,553	32,289,254
Equity						
Total Equity	37,324,794	43,262,343	43,556,165	44,054,276	45,822,151	43,903,129
Total Liabilities and Equities	78,307,079	83,249,886	82,457,853	80,691,994	77,101,704	76,192,383
Balance Sheet Analysis						
Current Ratio	8.6	5.4	11.1	7.7	4.2	6.7
Debt to Equity	1.1	0.9	0.9	0.8	0.7	0.7
Days Sales Outstanding	54.8	56.3	57.8	53.1	53.7	53.7

EXHIBIT 1
REGIONAL WATER RESOURCE AGENCY
CASH FLOW ANALYSIS

Operating Revenues	**Audited 2008**	**% Change**	**Audited 2009**	**% Change**	**Audited 2010**	**% Change**	**Audited 2011**	**Projected 2012**	**Projected 2013**	**Projected 2014**	**Projected 2015**	**Projected 2016**
Sewer Service Charges	11,116,102	2%	11,322,161	3%	11,713,336	2%	11,994,063	12,233,944	12,478,623	12,728,195	12,982,759	13,242,414
Industrial Surcharge	402,976	59%	639,522	-6%	598,043	-6%	562,118	573,360	584,827	596,524	608,454	620,623
Sewer Taps	137,017	-35%	89,048	8%	95,851	10%	105,209	107,313	109,459	111,648	113,881	116,159
Storm Water	553,871	6%	588,520	10%	649,460	-8%	598,061	610,022	622,222	634,666	647,359	660,306
Other	547,389	-37%	343,380	-20%	273,853	38%	378,410	385,978	393,698	401,572	409,603	417,795
Total Revenues	12,757,355	2%	12,982,631	3%	13,330,543	2%	13,637,861	13,910,617	14,188,829	14,472,605	14,762,056	15,057,297
Operating Expenses												
Operating Expenses	9,166,888	6%	9,679,739	5%	10,150,790	1%	10,217,022	10,625,703	11,050,731	11,492,760	11,952,470	12,430,569
Depreciation	3,480,729	9%	3,786,463	1%	3,814,586	1%	3,836,154	3,870,300	3,975,600	3,955,300	3,955,300	3,955,300
Replacement Reserve	0		0		0		0	0	0	0	0	0
Total Expenses	12,647,617	6%	13,466,202	4%	13,965,376	1%	14,053,176	14,496,003	15,026,331	15,448,060	15,907,770	16,385,869
Net Operating Income	109,738	-541%	(483,571)	31%	(634,833)	-35%	(415,315)	(585,386)	(837,502)	(975,455)	(1,145,714)	(1,328,572)
Non-Operating Income and Expenses												
Investment Income	621,927	8%	674,164	-54%	307,817	-57%	132,304	132,304	132,304	132,304	132,304	132,304
Miscellaneous Income	424,819		322,792		728,585		214,491	214,491	214,491	214,491	214,491	214,491
Capital Contributions	5,594,193		1,256,327		1,028,432		2,516,554	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
Miscellaneous Expense	(57,665)		(63,559)		(60,947)		(73,870)	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)
Total Non-Operating Income & Expenses	6,583,274	-67%	2,189,724	-8%	2,003,887	39%	2,789,479	1,731,795	1,731,795	1,731,795	1,731,795	1,731,795
Add Non-Cash Expenses												
Depreciation	3,480,729	9%	3,786,463	1%	3,814,586	1%	3,836,154	3,870,300	3,975,600	3,955,300	3,955,300	3,955,300
Cash Available for Debt Service	**10,173,741**	**-46%**	**5,492,616**	**-6%**	**5,183,640**	**20%**	**6,210,318**	**5,016,709**	**4,869,893**	**4,711,640**	**4,541,381**	**4,358,523**
Debt Service *(enter as positive #'s)*												
Existing Debt	3,054,467		3,032,595		3,346,496		3,185,397	2,704,134	2,703,334	2,701,734	2,709,334	2,705,734
KIA Loan (A10-13) (original)	0		0		0		0	0	0	114,725	229,451	229,451
Proposed KIA Loans (A12-14 and A12-15)	0		0		0		0	0	0	56,697	113,394	113,394
KIA Loan (A10-13) (increase)	0		0		0		0	0	0	51,147	102,293	102,293
Construction Period Interest	0		0		0		0	5,000	35,000	20,000	0	0
Total Debt Service	3,054,467		3,032,595		3,346,496		3,185,397	2,709,134	2,738,334	2,944,303	3,154,472	3,150,872
Income After Debt Service	7,119,274		2,460,021		1,837,144		3,024,921	2,307,575	2,131,559	1,767,337	1,386,909	1,207,651
Debt Coverage Ratio	3.3		1.8		1.5		1.9	1.9	1.8	1.6	1.4	1.4

2/28/2012 9:40 AM, Cashflow
K:\2 Loan Team\Fund A Loans\RWRA (2012 App) A12-15\Executive Summary, Regional Water Resource Agency Locust Hills (A12-14).xls

ATTACHMENT

I.B.7.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-15) OF $1,586,875 TO THE REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Wastewater Revolving Loan Program (Fund A) with the Regional Water Resource Agency, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund A loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Wastewater Revolving Fund loan for $1,586,875 of project expense including capitalized interest for the construction period, to the Regional Water Resource Agency for

the Various Slip Linings Project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable over 20 years at an interest rate of 1.0%. In addition to debt service, a 0.2% annual administration fee on the unpaid loan balance will be charged. RWRA has deposited $2,500,000 into the Replacement Reserve Account and will be maintained for the life of all RWRA loans. No additional reserve will be required as a result of this loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

_____
TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

_____
SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

_____
PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 21, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: CWL 12064 Fund A
Owensboro East WWTP--937
HUC-11#05110005100, Panther Creek near Rome
HUC-11#05140201220, Van Buren Creek
HUC-11#05140201240, Cowhide Slough of Ohio River
Activity ID: FGL20120003

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the Regional Water Resource Agency is entitled to receive priority for funding for the Various Slip Lining Improvements and Locust Hill Sewer Extension project and is eligible to receive $1,944,210 from the Clean Water State Revolving Fund. The following requirements have been addressed as follows:

1. Plans and specifications are expected to be submitted to DOW by the following dates: Locust Hill Sewer Extension, May 2012; Various Slip Lining Improvements, March 15, 2012.

2. Construction bids are expected to be opened for the Locust Hill Sewer Extension in July, 2012. The Various Slip Lining Improvements will bid in phases: Phase 1in March 2012, phase 2 in July 2012, and phase 3 in October 2012.

3. Project specific environmental information was approved by DOW on November 8, 2011 for the Various Slip Lining Improvements, and November 15, 2011 for the Locust Hill Sewer Extension.

The binding commitment letter should include the following general conditions to satisfy federal requirements:

1. The Authority to Award (bid) package must be submitted to DOW for approval within 14 days of bid opening. DOW must perform the DBE reviews, conduct a pre-construction and project management conference.

2. Loan Agreement must be executed within six (6) months from bid opening.

3. The city must agree to expend all loan funds within six months of the date of initiation of operation.

4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.

5. The borrower must complete and submit any missing or incomplete parts of the Application to KIA upon request.

6. The borrower must receive DOW approval of the Plans and Specifications before bidding the project.

KentuckyUnbridledSpirit.com
Kentucky UNBRIDLED SPIRIT
An Equal Opportunity Employer M/F/D

7. The borrower must receive DOW approval of the Environmental Assessment before bidding the project.

Upon compliance with the general and special conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

The SRF application has been completed by staff of the Kentucky Infrastructure Authority (KIA). If you have any questions or concerns regarding missing or additional submission requirements, please contact KIA at (502) 573-0260. Should you have any questions concerning this letter, do not hesitate to contact Alison Simpson, Project Administrator, at (502) 564-8158, extension 4591.

Sincerely,

Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:as

Enclosures

C: Mr. David Hawes, RWRA
Sheryl Chino, GRADD

EXECUTIVE SUMMARY		Reviewer:	Sandy Williams
KENTUCKY INFRASTRUCTURE AUTHORITY		Date:	March 1, 2012
FUND A, FEDERALLY ASSISTED WASTEWATER		KIA Loan Number:	**A12-15**
REVOLVING LOAN FUND		WRIS Number	**SX21059042**
		HUC Code:	05140201240

BORROWER:	**REGIONAL WATER RESOURCE AGENCY**
	DAVIESS COUNTY
BRIEF DESCRIPTION:	

The Regional Water Resource Agency (RWRA) is requesting funds for a project to complete various slip linings throughout the system. The Agency is under enforcement to mitigate combined sewer overflows. The primary impact of the project will be to rehabilitate existing lines to reduce infiltration and inflow.

PROJECT FINANCING:			PROJECT BUDGET		
KIA	$	1,586,875	Administrative Expenses	$	16,875
Local Funds		215,250	Engineering Fees		215,250
			Construction		1,500,000
			Contingency		70,000
TOTAL	$	1,802,125	TOTAL	$	1,802,125

REPAYMENT					
	Rate	1.00%	Est. Annual Payment	$	90,914
	Term	20 years	1st Payment	6 Mo. after first draw	

PROFESSIONAL SERVICES		
	Engineer	Regional Water Resource Agency
	Bond Counsel	Peck, Shaffer, & Williams

PROJECT SCHEDULE	
Bid Opening:	03/08/12
Construction Start:	04/09/12
Construction Stop:	06/14/13

DEBT PER CUSTOMER			
	Existing:	$	1,049
	Proposed:	$	1,086

OTHER DEBT	
	See Attached

OTHER STATE-FUNDED PROJECTS LAST 5 YRS	
	See Attached

RESIDENTIAL RATES		Users	Avg. Bill	
	Current	28,219	$22.23	(for 4,000 gallons)
	Additional	0	$22.23	(for 4,000 gallons)

REGIONAL COORDINATION	
	This project is consistent with regional planning recommendations.

CASHFLOW	Cash Available for Debt Service	Debt Service	Income after Debt Service	Coverage Ratio
Audited 2008	10,173,741	3,054,467	7,119,274	3.3
Audited 2009	5,492,616	3,032,595	2,460,021	1.8
Audited 2010	5,183,640	3,346,496	1,837,144	1.5
Audited 2011	6,210,318	3,185,397	3,024,921	1.9
Projected 2012	5,016,709	2,709,134	2,307,575	1.9
Projected 2013	4,869,893	2,738,334	2,131,559	1.8
Projected 2014	4,711,640	2,944,303	1,767,337	1.6
Projected 2015	4,541,381	3,154,472	1,386,909	1.4
Projected 2016	4,358,523	3,150,872	1,207,651	1.4
Projected 2017	4,162,445	3,121,738	1,040,707	1.3

Reviewer: Sandy Williams
Date: March 1, 2012
Loan Number: A12-15

KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND "A")
REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY
PROJECT REVIEW
SX21059042

I. PROJECT DESCRIPTION

The Regional Water Resource Agency (RWRA) is requesting a Fund A loan in the amount of $1,586,875 to complete various slip linings throughout the system. RWRA is under enforcement with the Commonwealth of Kentucky (September 5, 2007) to mitigate combined sewer overflows (CSOs). The primary impact of the project will be to rehabilitate existing lines to reduce infiltration and inflow.

This project involves rehabilitation work that will aid in reducing I&I thus extending the life of the affected mains and reducing CSOs. Failing areas will be identified by televising the mains then the highest priority areas will be slip lined.

RWRA was created by the enactment of identical ordinances by the City of Owensboro and Daviess County Fiscal Court on October 18, 1994 and October 5, 1994, respectively, for the purpose of managing, controlling and operating regional comprehensive wastewater facilities within Daviess County. RWRA is considered a related organization of the City of Owensboro and Daviess County. All operations of the RWRA are managed by its own professional staff and governed by a board of directors, which consists of four city board appointments and three county board appointments. RWRA revenue is derived 100% from its ratepayers who reside in areas of Daviess County inside and outside of the city limits.

RWRA is a regionalization model for other counties in Kentucky and nationally. The Wastewater Treatment Plant was highlighted in EPA's 2004 Annual Report on the Clean Water State Revolving Fund Programs.

II. PROJECT BUDGET

	Total
Administrative Expenses	$ 16,875
Engineering Fees	215,250
Construction	1,500,000
Contingency	70,000
Total	**$ 1,802,125**

PROJECT FUNDING	Amount	%
KIA	1,586,875	88%
Local	215,250	12%
Total	**$ 1,802,125**	**100%**

III. KIA DEBT SERVICE

Construction Loan	$	1,586,875
Interest Rate		1.00%
Loan Term (years)		20
Estimated Annual Debt Service	$	87,740
Administrative Fee (0.20%)		3,174
Total Estimated Annual Debt Service	**$**	**90,914**

IV. PROJECT SCHEDULE

Bid Opening:	03/08/12
Construction Start:	04/09/12
Construction Stop:	06/14/23

V. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers	**Current**	**Proposed**	**Total**
Residential	25,634	0	25,634
Commercial	2,514	0	2,514
Industrial	71	0	71
	28,219	1	28,219

B) Rates

The monthly charge for wastewater utility service is:

Date of Last Rate Increase	7/1/2007
Minimum	$10.71
Rates Per 1,000 Gallons	3.57
System Development Fee	7.95
Cost for 4,000 gallons	**$22.23**
Affordability Index (Rate/MHI)	0.6%

The Following Fees Apply To RWRA's Sewer Extension Areas

Capacity Fee for each Equivalent Residential Unit (ERU) is $398.00. Qualified existing users are allowed to pay in monthly installments of $2.40/month.

System Development Fee for each ERU is currently $1,320.00. Qualified existing users are allowed to pay this fee in monthly installments of $7.95/month. All proposed and future customers within the project area will be charged an ERU fee of $1,320.00 to be billed in monthly installments of $7.95.

Assessment Fee – when the extension of service requires the construction of collection sewers within a neighborhood or area, the associated costs of the extension is pro-rated and apportioned to the served properties. These costs vary between projects. Existing property owners have the option to finance assessment fees on their monthly bill or pay the full amount in advance.

Industrial Surcharge - Commercial/Industrial customers with high-strength waste above the RWRA discharge limits will be assessed "surcharges" to offset the additional costs of treatment. Current charges are $0.145 per pound of Biochemical Oxygen Demand (B.O.D.) and $0.156 per pound of Total Suspended Solids (T.S.S.) for strength exceeding 265 mg/l.

VI. DEMOGRAPHICS

RWRA serves approximately 28,000 customers in Owensboro and Daviess County. In 2010, Owensboro's Median Household Income (MHI) was $35,508 and the MHI for Daviess County was $42,268. The median household income for the Commonwealth is $41,197. All slip lining projects will be done in one of the following census tracts:

Geography Daviess County, Kentucky	Median Household Income	Households: Total	Individual blocks in Group
Block Group 1, Census Tract 3	$ 17,452	520	1054,1055
Block Group 1, Census Tract 4	$ 21,313	576	1004,1005,1013-1031,1037-1060,1070-1072,1074-1078
Block Group 2, Census Tract 4	$ 12,974	352	2000-2010,2015-2018,2020-2035
Block Group 3, Census Tract 4	$ 17,794	678	3000-3047,3050-3057,3061-3063
Block Group 4, Census Tract 4	$ 15,433	460	4000-4025
Block Group 5, Census Tract 4	$ 26,176	601	5010-5030,5033-5041
Block Group 1, Census Tract 5	$ 26,250	637	1000,1001,1026-1029
Block Group 1, Census Tract 8	$ 19,750	413	1000
Block Group 1, Census Tract 9	$ 36,630	516	1007-1011
Block Group 2, Census Tract 9	$ 36,696	589	2004,2007,2010,2013,2014
Average MHI	$23,046.80		

The project will qualify for the 1% interest rate due to the MHI of the service area.

VII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

1) Green Project Reserve - This project does not include Green Project Reserve (GPR) components.

2) Additional Subsidization – This project does not qualify for principal forgiveness.

VIII. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information for the utility was obtained from the audited financial statements of the Regional Water Resource Agency for the years ended June 30, 2006 through 2011. Total debt service coverage has ranged from a high of 3.3 in 2008 to 1.5 in 2010 and was 1.9 in 2011.

HISTORICAL

Revenue from sewer service charges increased 8% from 2008 to 2011 due to usage increases (6%) and customer increases (2%). In aggregate, revenues increased by 6.9% since 2008. Operating expenses increased 11% due to increased benefits, repairs and utility costs.

RWRA has maintained designated reserves for a number of years. As a part of the KIA loan agreement, $2,500,000 has been designated as a reserve. Prior to 2011 the RWRA Board had designated $2,000,000 as an emergency capital reserve, $1,000,000 as an operating reserve, and $500,000 as a replacement reserve. The majority of these reserves were depleted during 2011 due to the early extinguishment of a KIA loan (A95-06) that carried a 3.8% interest rate. RWRA's intent is to replenish these reserves as soon as funds become available. The RWRA Board as also designated $3,190,390 as a reserve for capacity.

PROJECTIONS

Projections are based on the following assumptions:

1. Revenue will increase 2% per year inclusive of the 73 customers that are anticipated to be added from the Locust Hills project.
2. Expenses will increase 4% per year.
3. Debt service assumes approval of both the $1,785,500 loan increase to the Veteran's Drive project (A10-13) and the new request of $357,335 (A12-14). The loan requests are being submitted for approval on March 1, 2012.
4. The $2.5 million Replacement Reserve will remain fully funded.

The new debt service for all three loan requests is estimated at $215,687 annually and will increase overall debt service to $3,154,472 in 2015. Debt service coverage is 1.4 in 2015, which is the first full year of principal and interest payments.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

REPLACEMENT RESERVE

$2,500,000 has been deposited into the Replacement Reserve Account and will be maintained for the life of all RWRA loans. No additional reserve will be required as a result of this loan.

IX. DEBT OBLIGATIONS

	Outstanding	Maturity
2007 Series A Revenue Bonds	$5,725,000	varies
KIA A99-04	16,580,547	2023
KIA A06-02	6,057,080	2028
KIA A07-08	1,262,461	2029
KIA A10-13 (i/a/o $4,005,000)	0	TBD
Total	**$29,625,088**	

X. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

Project Title	Funding Source	Amount	Type
CDBG #2	CDBG	$445,860	Grant
Yellow Creek Park PTP Connection	HB267	$57,000	Grant
Glenview Subdivision Sewer Extension	HB267	$243,888	Grant
Riverside/Highlands Sewer Extension		$370,500	Grant
Broad Acre Sewer Extension	HB380	$140,000	Grant

XI. CONTACTS

Applicant

Name	Regional Water Resource Agency
Address	1722 Pleasant Valley Road Owensboro, KY 42303
County	Daviess
Contact	David Hawes
Phone	(270) 684-0174
Email	hawesdw@rwra.org

Applicant Contact

Name	Green River Area Development District
Address	3860 US Highway 60 West Owensboro, KY 42301
Contact	Sheryl Chino
Phone	(270) 926-4433
Email	Sheryl.Chino@gradd.com

Engineer

Name	David Hawes
Firm	Regional Water Resource Agency
Address	1722 Pleasant Valley Road Owensboro, KY 42303
Phone	(270) 684-0714
Email	hawesdw@rwra.org

XII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

REGIONAL WATER RESOURCE AGENCY
BALANCE SHEETS

ASSETS	Audited 2007	Audited 2008	Audited 2009	Audited 2010	Audited 2011	Project Completion 2014
Current Assets						
Cash and Cash Equvalents	600	350	350	350	350	350
Accounts Receivable	1,863,714	1,967,653	2,055,827	1,938,689	2,005,144	2,128,000
Equity in External Investment Pool	849,196	2,098,335	3,350,800	2,351,852	1,500,527	3,052,000
Other Current Assets	486,811	300,148	370,272	179,108	193,552	200,000
Total Current Assets	3,200,321	4,366,486	5,777,249	4,469,999	3,699,573	5,380,350
Restricted Assets						
Revenue Bond Debt Service Reserve	680,067	686,078	677,121	674,776	674,783	675,000
Construction Account	0	0	0	0	0	0
Renewal & Replacement Account - KIA	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Renewal & Replacement Account - Internal	500,000	500,000	500,000	500,000	0	0
Emergency Capital Reserve	2,000,000	2,000,000	2,000,000	2,000,000	0	0
Operating Reserve	1,000,000	1,000,000	1,000,000	1,000,000	0	1,000,000
Construction Account	4,171,417	2,287,565	891,052	0	0	0
Debt Service	270,402	203,619	210,380	210,038	166,289	175,000
Reserved Capacity Fees	2,048,471	2,387,674	2,647,169	2,909,027	3,190,390	3,200,000
Total Restricted Assets	13,170,357	11,564,936	10,425,722	9,793,841	6,531,462	7,550,000
Utility Plant						
Land, System, Building and Equipment	98,055,620	106,213,300	104,101,632	107,964,857	111,508,756	119,720,451
Less Accumulated Depreciation ( )	(36,246,759)	(39,015,999)	(37,961,536)	(41,645,112)	(44,740,119)	(56,541,319)
Net Fixed Assets	61,808,861	67,197,301	66,140,096	66,319,745	66,768,637	63,179,132
Other Assets						
Unamortized Bond Costs and Discount, Net	127,540	121,163	114,786	108,409	102,032	82,901
Total Other Assets	127,540	121,163	114,786	108,409	102,032	82,901
Total Assets	78,307,079	83,249,886	82,457,853	80,691,994	77,101,704	76,192,383
LIABILITIES						
Current Liabilities						
Accounts Payable	277,588	678,595	374,457	420,443	696,467	600,000
Accrued Liabilities	94,188	123,346	148,109	157,231	191,414	200,000
Total Current Liabilities	371,776	801,941	522,566	577,674	887,881	800,000
Liabilities Payable - Restricted Assets						
Current Maturities of Long Term Debt	2,356,702	2,418,809	2,536,579	2,587,893	2,232,936	2,354,971
Contracts and Retainage Payable	59,847	22,598	20,818	61,578	64,085	25,000
Accrued Interest	76,191	0	137,834	0	0	75,000
Deferred Revenue	0	0	0	150,000	46,098	0
Total Liabilities Payable - Restricted Assets	2,492,740	2,441,407	2,695,231	2,799,471	2,343,119	2,454,971
Long Term Liabilities						
Compensated Absences	539,685	560,529	578,817	734,907	688,484	750,000
Long Term Debt	37,578,084	36,183,666	35,105,074	32,525,666	27,360,069	20,549,573
KIA (A10-13, A12-02)	0	0	0	0	0	7,734,710
Total Long Term Liabilities	38,117,769	36,744,195	35,683,891	33,260,573	28,048,553	29,034,283
Total Liabilities	40,982,285	39,987,543	38,901,688	36,637,718	31,279,553	32,289,254
Equity						
Total Equity	37,324,794	43,262,343	43,556,165	44,054,276	45,822,151	43,903,129
Total Liabilities and Equities	78,307,079	83,249,886	82,457,853	80,691,994	77,101,704	76,192,383
Balance Sheet Analysis						
Current Ratio	8.6	5.4	11.1	7.7	4.2	6.7
Debt to Equity	1.1	0.9	0.9	0.8	0.7	0.7
Days Sales Outstanding	54.8	56.3	57.8	53.1	53.7	53.7

EXHIBIT 1
REGIONAL WATER RESOURCE AGENCY
CASH FLOW ANALYSIS

Operating Revenues	**Audited 2008**	**% Change**	**Audited 2009**	**% Change**	**Audited 2010**	**% Change**	**Audited 2011**	**Projected 2012**	**Projected 2013**	**Projected 2014**	**Projected 2015**	**Projected 2016**
Sewer Service Charges	11,116,102	2%	11,322,161	3%	11,713,336	2%	11,994,063	12,233,944	12,478,623	12,728,195	12,982,759	13,242,414
Industrial Surcharge	402,976	59%	639,522	-6%	598,043	-6%	562,118	573,360	584,827	596,524	608,454	620,623
Sewer Taps	137,017	-35%	89,048	8%	95,851	10%	105,209	107,313	109,459	111,648	113,881	116,159
Storm Water	553,871	6%	588,520	10%	649,460	-8%	598,061	610,022	622,222	634,666	647,359	660,306
Other	547,389	-37%	343,380	-20%	273,853	38%	378,410	385,978	393,698	401,572	409,603	417,795
Total Revenues	12,757,355	2%	12,982,631	3%	13,330,543	2%	13,637,861	13,910,617	14,188,829	14,472,605	14,762,056	15,057,297
Operating Expenses												
Operating Expenses	9,166,888	6%	9,679,739	5%	10,150,790	1%	10,217,022	10,625,703	11,050,731	11,492,760	11,952,470	12,430,569
Depreciation	3,480,729	9%	3,786,463	1%	3,814,586	1%	3,836,154	3,870,300	3,975,600	3,955,300	3,955,300	3,955,300
Replacement Reserve	0		0		0		0	0	0	0	0	0
Total Expenses	12,647,617	6%	13,466,202	4%	13,965,376	1%	14,053,176	14,496,003	15,026,331	15,448,060	15,907,770	16,385,869
Net Operating Income	109,738	-541%	(483,571)	31%	(634,833)	-35%	(415,315)	(585,386)	(837,502)	(975,455)	(1,145,714)	(1,328,572)
Non-Operating Income and Expenses												
Investment Income	621,927	8%	674,164	-54%	307,817	-57%	132,304	132,304	132,304	132,304	132,304	132,304
Miscellaneous Income	424,819		322,792		728,585		214,491	214,491	214,491	214,491	214,491	214,491
Capital Contributions	5,594,193		1,256,327		1,028,432		2,516,554	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
Miscellaneous Expense	(57,665)		(63,559)		(60,947)		(73,870)	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)
Total Non-Operating Income & Expenses	6,583,274	-67%	2,189,724	-8%	2,003,887	39%	2,789,479	1,731,795	1,731,795	1,731,795	1,731,795	1,731,795
Add Non-Cash Expenses												
Depreciation	3,480,729	9%	3,786,463	1%	3,814,586	1%	3,836,154	3,870,300	3,975,600	3,955,300	3,955,300	3,955,300
Cash Available for Debt Service	**10,173,741**	**-46%**	**5,492,616**	**-6%**	**5,183,640**	**20%**	**6,210,318**	**5,016,709**	**4,869,893**	**4,711,640**	**4,541,381**	**4,358,523**
Debt Service *(enter as positive #'s)*												
Existing Debt	3,054,467		3,032,595		3,346,496		3,185,397	2,704,134	2,703,334	2,701,734	2,709,334	2,705,734
KIA Loan (A10-13) (original)	0		0		0		0	0	0	114,725	229,451	229,451
Proposed KIA Loans (A12-14 and A12-15))	0		0		0		0	0	0	56,697	113,394	113,394
KIA Loan (A10-13) (increase)	0		0		0		0	0	0	51,147	102,293	102,293
Construction Period Interest	0		0		0		0	5,000	35,000	20,000	0	0
Total Debt Service	3,054,467		3,032,595		3,346,496		3,185,397	2,709,134	2,738,334	2,944,303	3,154,472	3,150,872
Income After Debt Service	7,119,274		2,460,021		1,837,144		3,024,921	2,307,575	2,131,559	1,767,337	1,386,909	1,207,651
Debt Coverage Ratio	3.3		1.8		1.5		1.9	1.9	1.8	1.6	1.4	1.4

2/28/2012 9:59 AM, Cashflow
K:\2 Loan Team\Fund A Loans\RWRA (2012 App) A12-15\Executive Summary, Regional Water Resource Agency (A12-15).xls

A T T A C H M E N T

I.B.8.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-16) OF $1,930,000 TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Wastewater Revolving Loan Program (Fund A) with the Lexington-Fayette Urban County Government, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund A loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Wastewater Revolving Fund loan for $1,930,000 of project expense including capitalized interest for the construction period, to the Lexington-Fayette Urban County

Government for the Blue Sky Wastewater Treatment Plant Project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable over 20 years at an interest rate of 2.0%. In addition to debt service, a 0.2% annual administration fee on the unpaid loan balance will be charged. From annual revenues, $4,825 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches $48,250 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

_____
TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

_____
SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

_____
PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 22, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: CWL 12002
Lexington Town Branch WWTP--1073
Activity ID: FGL20100023
Watershed: Baughman Fork of Boone Creek
HUC 11#: 05100205070
Fund A KIA A12-16

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the Lexington-Fayette Urban County Government is entitled to receive priority for funding for the Blue Sky WWTP Elimination and is eligible to receive 1,930,000 from the Clean Water State Revolving Fund. The following requirements have been addressed as follows:

1. Plans and specifications are expected to be submitted to DOW on 6/30/2012.

2. Construction bids are expected to be opened on 9/1/2012.

3. Project specific environmental information is incomplete as of 2/22/2012.

The binding commitment letter should include the following general conditions to satisfy federal requirements:

1. The Authority to Award (bid) package must be submitted to DOW for approval within 14 days of bid opening. DOW must perform the DBE reviews, conduct a pre-construction and project management conference.

2. Loan Agreement must be executed within six (6) months from bid opening.

3. The city must agree to expend all loan funds within six months of the date of initiation of operation.

4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated

KentuckyUnbridledSpirit.com
Kentucky UNBRIDLED SPIRIT
An Equal Opportunity Employer M/F/D

project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.

5. The borrower must receive DOW approval of the Plans and Specifications before bidding the project.

6. The borrower must receive DOW approval of the Environmental Assessment before bidding the project.

Upon compliance with the general and special conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

Please forward the draft binding commitment letter to this office for review when completed. Should you have any questions concerning this letter, do not hesitate to contact Cathy Arnett, Project Administrator, at (502) 564-8158, extension 4594.

Sincerely,

E-Signed by Griffin, Buddy
VERIFY authenticity with ApproveIt

Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:CA

Enclosures

C: Honorable James Gray, Mayor
Mr. Charles H Martin, LFUCG

EXECUTIVE SUMMARY		Reviewer:	Sandy Williams
KENTUCKY INFRASTRUCTURE AUTHORITY		Date:	March 1, 2012
FUND A, FEDERALLY ASSISTED WASTEWATER		KIA Loan Number:	**A12-16**
REVOLVING LOAN FUND		WRIS Number	**SX21067007**
		HUC Code:	05100205070
BORROWER:	**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**		
	FAYETTE COUNTY		

BRIEF DESCRIPTION:

The Lexington-Fayette Urban County Government is negotiating acquisition of the Blue Sky Wastewater Treatment Plant. LFUCG is developing plans to eliminate the WWTP and replace it with a sanitary pumping station and force main. Existing flows would be conveyed to the West Hickman Wastewater Treatment Plant. This would resolve existing compliance issues. The system was under sanctions from previous enforcement actions that were initiated by the State. This project is a proposed State Supplemental Environmental Project that was negotiated by LFUCG and the Energy and Environment Cabinet.

PROJECT FINANCING:		PROJECT BUDGET	
Fund A Loan	$ 1,930,000	Engineering Fees	$ 294,745
KIA Grant (88T-2005)	600,000	Construction	2,235,255
(CPBOC date :4/10/06)			
TOTAL	$ 2,530,000	TOTAL	$ 2,530,000

REPAYMENT				
	Rate	2.00%	Est. Annual Payment	$121,419
	Term	20 years	1st Payment	6 Mo. after first draw

PROFESSIONAL SERVICES	Engineer	not applicable
	Bond Counsel	Peck, Shaffer, & Williams

PROJECT SCHEDULE		
	Bid Opening:	September 1, 2012
	Construction Start:	October 15, 2012
	Construction Stop:	February 1, 2013

DEBT PER CUSTOMER	Existing:	$ 693
	Proposed:	$ 549
OTHER DEBT	See Attached	
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached	

RESIDENTIAL RATES		Users		Avg. Bill	
	Current	106,503	$	20.65	(for 4,000 gallons)
	Additional	0	$	20.65	(for 4,000 gallons)

REGIONAL COORDINATION: This project is consistent with regional planning recommendations.

CASHFLOW	**Cash Available for Debt Service**	**Debt Service**	**Income after Debt Service**	**Coverage Ratio**
Audited 2008	374,828	5,503,346	(5,128,518)	0.07
Audited 2009	9,942,219	5,662,985	4,279,234	1.76
Audited 2010	15,793,116	7,038,061	8,755,055	2.24
Audited 2011	17,223,538	7,117,597	10,105,941	2.42
Projected 2012	17,241,700	8,518,359	8,723,341	2.02
Projected 2013	17,517,680	9,782,921	7,734,759	1.79
Projected 2014	17,847,980	6,298,718	11,549,262	2.83
Projected 2015	18,184,880	6,286,205	11,898,675	2.89
Projected 2016	18,528,680	6,260,236	12,268,444	2.96
Projected 2017	18,879,280	6,239,648	12,639,632	3.03

Reviewer: Sandy Williams
Date: March 1, 2012
Loan Number: A12-16

KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND "A")
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY
PROJECT REVIEW
SX21067007

I. PROJECT DESCRIPTION

The Lexington-Fayette Urban County Government is negotiating acquisition of the Blue Sky Wastewater Treatment Plant. LFUCG is developing plans to eliminate the WWTP and replace it with a sanitary pumping station and force main. Existing flows would be conveyed to KY0021504. This would resolve existing compliance issues. The system was under sanctions from previous enforcement actions that were initiated by the State. This project is a proposed State Supplemental Environmental Project that was negotiated by LFUCG and the Energy and Environment Cabinet.

II. PROJECT BUDGET

	Total
Engineering Fees	$ 294,745
Construction	2,235,255
Total	**$ 2,530,000**

III. PROJECT FUNDING

	Amount	%
Fund A Loan	$ 1,930,000	76%
KIA Grant (2005)	600,000	24%
Total	**$ 2,530,000**	**100%**

IV. KIA DEBT SERVICE

Construction Loan	$ 1,930,000
Interest Rate	2.00%
Loan Term (Years)	20
Estimated Annual Debt Service	$ 117,559
Administrative Fee (0.20%)	3,860
Total Estimated Annual Debt Service	**$ 121,419**

V. PROJECT SCHEDULE

Bid Opening	September 2012
Construction Start	October 2012
Construction Stop	February 2013

VI. RATE STRUCTURE

A) Customers	Current
Residential	99,109
Commercial	7,378
Industrial	16
Total	106,503

Lexington also provides sewer service to 132 customers in Jessamine County. The University of Kentucky is a major contributor to the sewer revenues, contributing 7.5% of total revenues annually.

B) Rates

The monthly charge for wastewater utility service is:

	Residential		Non-Residential	
	Current	Prior	Current	Prior
Date of Last Rate Increase	7/1/2011	7/1/2010	7/1/2011	7/1/2010
First 100 cubic feet	4.83	4.75	5.86	5.76
Each Additional 100 cubic feet	3.64	3.58	4.41	4.34
Residential Bill for 4,000 gallons	$20.65	$20.31	$25.03	$24.63
Percent Increase	1.7%		1.6%	

Rates are adjustable each July 1 based on the Consumer Price Index for All Urban Consumers for the prior twelve months ending in April before the adjustment.

VII. DEMOGRAPHICS

In 2010, the population of the Urban Service Area was 287,537 with a Median Household Income (MHI) of $46,874. The median household income for the Commonwealth is $41,197. Based on the regional nature of the project, the loan qualifies for the 2% interest rate.

VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR).

2) Additional Subsidization – This project does not qualify for additional subsidization.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information for the Sewer Department of the Lexington-Fayette Urban County Government (LFUCG) was obtained from the audited financial statements for the years ended June 30, 2008 - 2011. This analysis excludes activity for the storm water fund.

HISTORICAL

Revenues have increased 77% from $27,532,422 in 2008 to $48,849,035 in 2011. Sewer rates were increased 50% effective May 1, 2008 and an additional 35% on July 1, 2009. Operating expenses increased 12% from $28,658,656 to $32,198,460 during the same period. The debt coverage ratio improved from 0.1 in 2008 to 2.4 in 2011. The balance sheet reflects a debt to equity ratio of 0.4.

PROJECTED

Projections are based on the following assumptions:

* Revenue increases will offset expense inflation
* A replacement reserve of $48,000 will be funded annually.
* The new debt service is estimated at $121,419 annually and will increase overall debt service to $6,298,718 in 2014.

Debt service coverage is 2.8 in 2014 and improves slightly each year thereafter. Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

REPLACEMENT RESERVE

The annual replacement cost is $4,825. This amount should be added to the replacement account each December 1 until the balance reaches $48,250 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	Outstanding	Maturity
2001 A Sewer Revenue Bonds	$ 4,330,000	2013
2001 B Sewer Revenue Bonds	6,160,000	2012
2009 A Sewer Revenue Bonds	35,960,000	2024
2010 A Sewer Revenue Bonds	13,605,000	2021
KIA (A2 09-09) (Radcliffe Road)	109,330	2030
KIA (A2 09-09) (Streetscape)	1,229,309	2030
KIA (A09-01 i/a/o $17,208,000)	13,766,388	Est 2033
Total	**$75,160,027**	

XI. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

Project Title	Funding Source	Amount	Type
Unsewered Areas	HB 380	1,400,000	Grant
Various Water Sewer and Stormwater Improvements	HB 380	2,600,000	Grant
Expansion Area 2a	HB 608	3,100,000	Grant
South Elkhorn Pump Station	EPA	1,146,000	Grant
Leesway Underserved Areas	HB 608	600,000	Grant

XII. CONTACTS

Applicant

Name	Lexington-Fayette Urban Government
Address	200 East Main Street
	Lexington, KY 40507
County	Fayette
Contact	James Gray
Phone	(859) 258-3100
Email	Mayor@lfucg.com

Applicant Contact

	Division of Water Quality
Name	Lexington-Fayette Urban County Government
Address	301 Lisle Industrial Avenue
	Lexington, KY 40507
Contact	Charles H. Martin, P.E.
Phone	(859) 425-2455
Email	chmartin@lfucg.com

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
BALANCE SHEETS (June)

ASSETS	2008	2009	2010	2011	Project Completion 2013
Current Assets - Non Restricted					
Cash	8,706,044	219,834	7,345,592	3,329,716	7,444,300
Investments	3,003,941	1,039,529	18,307,994	36,917,243	37,000,000
Receivables	6,934,205	4,639,567	5,806,484	2,799,165	2,892,500
Internal Balances	0	0	0	2,903,087	0
Inventories	5,671	4,159	4,775	5,739	6,000
Total Non-Restricted Current Assets	18,649,861	5,903,089	31,464,845	45,954,950	47,342,800
Restricted Assets - Current					
Reserved for Maintenance and Operation	5,815,329	5,920,705	5,851,543	5,854,664	5,865,000
Reserved for Sinking Fund	4,764,525	4,752,488	4,752,488	5,235,067	5,275,000
Total Restricted Current Assets	10,579,854	10,673,193	10,604,031	11,089,731	11,140,000
Total Current Assets	29,229,715	16,576,282	42,068,876	57,044,681	58,482,800
Restricted Assets - Non Current					
Reserved for Construction & Capital Acquisitions	8,030,252	6,966,914	5,275,778	3,626,461	3,500,000
Reserved for Depreciation	1,785,750	1,593,000	3,430,396	3,432,225	3,500,000
Reserved for Debt Service	4,079,311	5,569,225	8,612,473	8,612,473	8,600,000
Total Non Current Restricted Assets	13,895,313	14,129,139	17,318,647	15,671,159	15,600,000
Capital Asstes					
Total Fixed Assets	193,284,634	207,615,275	217,305,832	214,564,607	207,945,373
Unamortized Bond Costs	352,119	286,490	1,766,616	1,656,407	1,435,989
Total Non-Current Assets	207,532,066	222,030,904	236,391,095	231,892,173	224,981,362
Total Assets	236,761,781	238,607,186	278,459,971	288,936,854	283,464,162
LIABILITIES					
Current Liabilities					
Accounts Payable	1,151,631	2,225,076	1,728,209	1,886,667	2,000,000
Accrued Payroll	204,156	264,883	205,537	313,333	320,000
Due to Other Funds	(1,033,020)	1,786,498	2,825,674	0	0
Other	584,337	460,211	1,046,155	550,001	500,000
Compensated Absences	273,458	291,105	308,103	350,392	360,000
Total Current Liab. Payable from Non-Restricted Assets	1,180,562	5,027,773	6,113,678	3,100,393	3,180,000
Current Liabilities Payable From Restricted Assets					
Accounts, Contracts and Retainage Payable	250,315	779,651	959,292	269,096	300,000
Bonds Payable	3,855,000	4,040,000	4,510,000	5,990,000	3,903,160
Interest Payable	909,525	836,862	1,466,939	1,329,282	1,300,000
Total Current Liabilities Payable from Restricted Assets	5,014,840	5,656,513	6,936,231	7,588,378	5,503,160
Total Current Liabilities	6,195,402	10,684,286	13,049,909	10,688,771	8,683,160
Non-Current Liabilities					
Unearned Revenues & Other	186,074	271,823	289,063	458,935	450,000
Bonds Payable	31,860,000	27,820,000	60,055,000	67,831,388	54,543,228
KIA (A09-01 undrawn balance)	0	0	0	0	6,441,612
KIA Proposed Loan	0	0	0	0	1,930,000
Compensated Absences	630,622	671,410	710,621	808,307	900,000
Total Non-Current Liabilities	32,676,696	28,763,233	61,054,684	69,098,630	64,264,840
Total Liabilities	38,872,098	39,447,519	74,104,593	79,787,401	72,948,000
NET ASSETS					
Total Retained Earnings	197,889,683	199,159,667	204,355,378	209,149,453	210,516,162

EXHIBIT 1
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
CASH FLOW ANALYSIS (June Year End)

	Audited 2008	% Change	Audited 2009	% Change	Audited 2010	% Change	Audited 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017
Operating Revenues													
User Charges	25,884,142	36%	35,213,276	29%	45,578,971	0%	45,663,797	46,577,100	47,508,600	48,458,800	49,428,000	50,416,600	51,424,900
Fees	1,223,820	-14%	1,048,864	2%	1,072,452	42%	1,523,169	1,553,600	1,584,700	1,616,400	1,648,700	1,681,700	1,715,300
Exactions	343,998	-42%	198,914	45%	287,677	208%	885,730	903,400	921,500	939,900	958,700	977,900	997,500
Other	80,462	16%	93,293	381%	448,880	73%	776,339	500,000	500,000	500,000	500,000	500,000	500,000
Total Revenues	27,532,422	33%	36,554,347	30%	47,387,980	3%	48,849,035	49,534,100	50,514,800	51,515,100	52,535,400	53,576,200	54,637,700
Operating Expenses													
Treatment Plant	8,164,345	3%	8,447,048	1%	8,502,531	-1%	8,411,093	8,579,300	8,750,900	8,925,900	9,104,400	9,286,500	9,472,200
Collection System	5,411,212	-18%	4,427,863	-3%	4,297,166	29%	5,544,184	5,655,100	5,768,200	5,883,600	6,001,300	6,121,300	6,243,700
Administration	15,083,099	-5%	14,325,685	32%	18,974,390	-4%	18,243,183	18,608,000	18,980,200	19,359,800	19,747,000	20,141,900	20,544,700
Depreciation	6,417,656	0%	6,393,816	11%	7,113,944	1%	7,214,960	7,250,000	7,678,600	7,678,600	7,678,600	7,678,600	7,678,600
Replacement Reserve			0						47,820	47,820	47,820	47,820	47,820
Total Expenses	35,076,312	-4%	33,594,412	16%	38,888,031	1%	39,413,420	40,092,400	41,225,720	41,895,720	42,579,120	43,276,120	43,987,020
Net Operating Income	(7,543,890)	-139%	2,959,935	187%	8,499,949	11%	9,435,615	9,441,700	9,289,080	9,619,380	9,956,280	10,300,080	10,650,680
Non-Operating Income and Expenses													
Investment Income	1,461,986		494,577	-88%	57,657	826%	533,814	500,000	500,000	500,000	500,000	500,000	500,000
Other	39,076		93,891		121,566		39,149	50,000	50,000	50,000	50,000	50,000	50,000
Total Non-Operating Income & Expenses	1,501,062	-61%	588,468	-70%	179,223	220%	572,963	550,000	550,000	550,000	550,000	550,000	550,000
Add Non-Cash Expenses													
Depreciation	6,417,656	0%	6,393,816	11%	7,113,944	1%	7,214,960	7,250,000	7,678,600	7,678,600	7,678,600	7,678,600	7,678,600
Cash Available for Debt Service	**374,828**	**2552%**	**9,942,219**	**59%**	**15,793,116**	**9%**	**17,223,538**	**17,241,700**	**17,517,680**	**17,847,980**	**18,184,880**	**18,528,680**	**18,879,280**
Debt Service													
Existing Debt	5,503,346		5,662,985		7,038,061		7,117,597	8,518,359	9,553,244	5,960,783	5,948,270	5,922,301	5,901,713
KIA A09-01 (undrawn balance)									108,258	216,516	216,516	216,516	216,516
Proposed KIA Loan									121,419	121,419	121,419	121,419	121,419
Total Debt Service	5,503,346		5,662,985		7,038,061		7,117,597	8,518,359	9,782,921	6,298,718	6,286,205	6,260,236	6,239,648
Income After Debt Service	(5,128,518)		4,279,234		8,755,055		10,105,941	8,723,341	7,734,759	11,549,262	11,898,675	12,268,444	12,639,632
Debt Coverage Ratio	0.1		1.8		2.2		2.4	2.0	1.8	2.8	2.9	3.0	3.0

ATTACHMENT

I.B.9.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F12-03) OF $1,875,000 TO THE CITY OF CAMPBELLSVILLE, TAYLOR COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Drinking Water Revolving Loan Program (Fund F) with the City of Campbellsville, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund F loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Drinking Water Revolving Fund loan for $1,875,000 of project expense including capitalized interest for the construction period, to the City of Campbellsville for the Waterline Improvements project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the

issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. Principal forgiveness of 35% will be deducted from the approved loan amount. The unforgiven principal balance of $1,218,750 shall be repaid.

Section 4. The loan shall be repayable over 20 years at an interest rate of 1.0%. In addition to debt service, a 0.25% annual administration fee on the unpaid loan balance will be charged. From annual revenues, $4,700 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches $47,000 maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 5. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

_____
TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

_____
SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

_____
PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 23, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: DWL12048
Campbellsville Municipal Water System—3999
Watershed Name: Big Pitman Creek
HUC 11# 0510001090
Activity ID: FGL20120001
DWSRF F12-03

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the City of Campbellsville is entitled to receive priority for funding for their Waterline Improvements Project and is eligible to receive $1,875,000 from the Drinking Water State Revolving Fund. The following requirements have been addressed as follows:

1. Plans and specifications are expected to be submitted to DOW in March 2012.

2. Construction bids are expected to be opened in June 2012.

3. Project specific environmental information is expected to be submitted to DOW in March 2012.

The binding commitment letter should include the following general conditions to satisfy federal requirements:

1. The Authority to Award (bid) package must be submitted to DOW for approval within 14 days of bid opening. DOW must perform the DBE reviews, conduct a pre-construction and project management conference.

2. Loan Agreement must be executed within six (6) months from bid opening.

3. The city must agree to expend all loan funds within six months of the date of initiation of operation.

KentuckyUnbridledSpirit.com
Kentucky UNBRIDLED SPIRIT
An Equal Opportunity Employer M/F/D

4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.

5. The borrower must receive DOW approval of the Plans and Specifications before bidding the project.

6. The borrower must receive DOW approval of the Environmental Assessment before bidding the project.

Upon compliance with the general and special conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

Please forward the draft binding commitment letter to this office for review when completed. Should you have any questions concerning this letter, do not hesitate to contact Cathy Arnett Project Administrator, at (502) 564-8158, extension 4594.

Sincerely,

Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:CA

Enclosures

C: Honorable Tony Young, Mayor
Deron S. Byrne, PE, Monarch Engineering, Inc.
David Bowles, PE, Monarch Engineering, Inc.

EXECUTIVE SUMMARY
KENTUCKY INFRASTRUCTURE AUTHORITY
FUND F, FEDERALLY ASSISTED DRINKING WATER
REVOLVING LOAN FUND

Reviewer:	Kasi White
Date:	March 1, 2012
KIA Loan Number:	**F12-03**
WRIS Number	**WX211217003**

BORROWER:	**CITY OF CAMPBELLSVILLE**
	TAYLOR COUNTY

BRIEF DESCRIPTION:

This project involves the replacement of approximately 24,000 LF of two inch and smaller piping with six inch piping. The lines experience leaks, particularly during freeze/thaw conditions. Also the restrictions inside the pipes along with the small size result in low pressure during peak demand. The lines scheduled for replacement are galvanized and the condition is so poor that making repairs to them results in additional damage due of the line. Some of the lines are in narrow alleys and streets or very close to or under buildings making it difficult for the city to perform work on them. The few shutoff valves that are known to exist are mostly inoperable resulting in the inability to shut off the water system when a repair is required. Leaks are usually fixed under pressure due to this and the fact that there is no way to isolate the system. In extreme cases the water tanks have been shut off just to isolate one area where a repair is required. All new lines will be equipped with a gate valve on each end and each segment will have a hydrant that can be used to flush the individual line without affecting other connected areas of the water system.

PROJECT FINANCING:		PROJECT BUDGET	
Fund F Loan	$ 1,875,000	Administrative Expenses	$ 25,000
		Legal Expenses	25,000
		Engineering Fees	202,500
		Construction	1,473,150
		Contingency	149,350
TOTAL	$ 1,875,000	TOTAL	$ 1,875,000

REPAYMENT				
	Rate	1.0%	Est. Annual Payment	$ 70,433
	Term	20 years	1st Payment	6 Mo. after first draw

PROFESSIONAL SERVICES		
	Engineer	Monarch Engineering, Inc.
	Bond Counsel	Peck, Shaffer, & Williams

PROJECT SCHEDULE	
Bid Opening:	June, 2012
Construction Start:	July, 2012
Construction Stop:	March, 2013

DEBT PER CUSTOMER		
	Existing:	$ 602
	Proposed:	$ 631

OTHER DEBT	
	See Attached

OTHER STATE-FUNDED PROJECTS LAST 5 YRS	
	See Attached

RESIDENTIAL RATES		Users		Avg. Bill	
	Current	9,246	$	15.04	(for 4,000 gallons)
	Additional	0	$	15.04	(for 4,000 gallons)

REGIONAL COORDINATION	
	This project is consistent with regional planning recommendations.

CASHFLOW	Cash Available for Debt Service	Debt Service	Income after Debt Service	Coverage Ratio
Audited 2008	1,176,529	857,538	318,991	1.4
Audited 2009	909,297	868,910	40,387	1.0
Audited 2010	862,809	908,202	(45,393)	1.0
Audited 2011	989,330	877,822	111,508	1.1
Projected 2012	821,800	858,470	(36,670)	1.0
Projected 2013	698,500	471,238	227,262	1.5
Projected 2014	569,400	564,128	5,272	1.0
Projected 2015	565,200	564,018	1,182	1.0

Reviewer: Kasi White
Date: March 1, 2012
Loan Number: F12-03

KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND "F")
CITY OF CAMBELLSVILLE, TAYLOR COUNTY
PROJECT REVIEW
WX21217003

I. PROJECT DESCRIPTION

The City of Campbellsville is requesting a $1,875,000 Fund F loan for the Waterline Improvements project. This project involves the replacement of approximately 24,000 LF of two inch and smaller piping with six inch piping. The lines experience leaks, particularly during freeze / thaw conditions. Also the restrictions inside the pipes along with the small size result in low pressure during peak demand. The lines that are scheduled for replacement are galvanized and the condition is so poor that making repairs to them results in additional damage due to the disturbance of the line. Some of the lines are in narrow alleys and streets or very close to or under buildings making it difficult for the city to perform work on them. The few shutoff valves that are known to exist are mostly inoperable resulting in the inability to shut off the water system when a repair is required. Leaks are usually fixed under pressure due to this and the fact that there is no way to isolate the system. In extreme cases the water tanks have been shut off just to isolate one area where a repair is required. All new lines will be equipped with a gate valve on each end and each segment will have a hydrant that can be used to flush the individual line without affecting other connected areas of the water system.

The City obtains its water from Green River Lake Reservoir. They supply water to the Marion County Water District, Green-Taylor Water District, Columbia-Adair Utilities District, Larue County Water District and East Casey County Water District.

II. PROJECT BUDGET

	Total
Administrative Expenses	$ 25,000
Legal Expenses	25,000
Engineering Fees	202,500
Construction	1,473,150
Contingency	149,350
Total	**$ 1,875,000**

III. PROJECT FUNDING

	Amount	%
Fund F Loan	$ 1,875,000	100%
Total	**$ 1,875,000**	**100%**

IV. KIA DEBT SERVICE

Construction Loan	$	1,875,000
Less: Principal Forgiveness (35%)	$	656,250
Amortized Loan Amount	$	1,218,750
Interest Rate		1.0%
Loan Term (Years)		20
Estimated Annual Debt Service	$	67,386
Administrative Fee (0.25%)	$	3,047
Total Estimated Annual Debt Service	**$**	**70,433**

V. PROJECT SCHEDULE

Bid Opening	June 2012
Construction Start	July 2012
Construction Stop	March 2013

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

Customers	Current
Residential	8,009
Commercial	1,237
Total	9,246

B) Rates

Rates were last increased in September 2001 (city customers) and July 2004 (county customers) resulting in the below rate structure.

	City		County	
First 1,000	$	7.12	$	13.70
Next 9,000		2.64		6.24
Next 40,000		2.36		5.58
Next 50,000		1.92		4.45
Next 100,000		1.53		3.60
Next 300,000		1.41		3.35
Next 500,000		1.22		2.85
Next 1,000,000		1.05		2.13
Cost for 4,000 gallons	$	15.04	$	29.38
Affordability Index (Rate/MHI)		0.7%		

VII. DEMOGRAPHICS

In 2010, the City had a population of 11,119 with a Median Household Income (MHI) of $25,136. The median household income for the Commonwealth is $41,197. Based on median household income falling below 80% of that of the Commonwealth, the project will qualify for a 1% interest rate.

VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

1) Green Project Reserve - This project qualifies for Green Project Reserve (GPR) funding for $1,875,000. The breakdown of the GPR to the respective "green" categories is listed below:
    a. Green Infrastructure - $0
    b. Water Efficiency - $1,875,000
    c. Energy Efficiency - $0
    d. Environmentally Innovative - $0
2) Additional Subsidization – This project qualifies for additional subsidization in the amount of $656,250.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from audited financial statements for the years ended June 30, 2008 through 2011.

HISTORICAL

Revenues have increased about 2% from $4,609,530 in 2008 to $4,705,993 in 2011. City water rates have not been adjusted since September 2001 and county rates haven't been adjusted since July 2004. Operating expenses have increased 6% from $3,602,769 in 2008 to $3,826,581 in 2011. The debt coverage ratio declined from 1.4 in 2008 to slightly below 1.0 in 2010 and improved to 1.1 in 2011.

The balance sheet reflects a debt to equity ratio of 0.2 and a current ratio of 0.8 at the end of 2011 while unrestricted cash represented slightly over one month of operating expenses. Restricted funds are primarily composed of sinking fund, customer deposits, construction funds and a depreciation replacement account.

PROJECTED

1) Revenues will increase 1/2% per year for all years.
2) Expenses will increase 4% per year.
3) An annual replacement reserve of $4,700 will be required during the first 10 years of repayment.
4) A debt service reserve of $300,000 will be required to held as additional security on the loan until such time as the results of a Rate Study are provided to KIA and acted upon accordingly. In fiscal years 2014 and 2015 a portion of this reserve may be released if needed to maintain a 1:1 ratio.
5) Debt service on a proposed Rural Development Loan in the amount of $1,650,000 for the Batesville Tank project is estimated at $68,272 annually.
6) Debt service on the proposed loan is estimated at $70,433 per year.

Debt service coverage is 1.0 in FY2014 which is the first year of full principal and interest repayment on the proposed KIA and RD funded debt. Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund F loan.

REPLACEMENT RESERVE

The annual replacement cost is $4,700. This amount should be added to the replacement account each December 1 until the balance reaches $47,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	Outstanding	Maturity
KIA (B94-01)	$ 1,410,864	2029
KIA (C88-02)	380,000	2018
KIA (C89-56a)	591,990	2018
Kentucky League of Cities	415,000	2012
Kentucky League of Cities	1,705,000	2029
RD 2009	575,800	2049
RD 2010	482,000	2050
Total	**$ 5,560,654**	

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

Date	Project Title	Funding Source	Amount	Type
2008	Raw Waterline Replacement	HB608	500,000	Grant
2008	South Campbellsville - Sewer	HB608	500,000	Grant
2008	South Campbellsville - Sewer	EPA	955,600	Grant
2009	Spurlington Transmission Main	RD	364,000	Grant
2010	Raw Water Intake	RD	187,000	Grant
2011	1.0 MG Batesville Tank	RD	700,000	Grant
2008	1.0 MG Batesville Tank	HB608	750,000	Grant

XII. CONTACTS

Applicant

Name	City of Campbellsville
Address	110 S. Columbia Avenue, Suite B Campbellsville, KY 42718
Contact	Tony W. Young
Phone	(270) 465-7011
Email	Mayor@campbellsville.us

Applicant Contact

Name	Monarch Engineering, Inc.
Address	556 Carlton Drive Lawrenceburg, KY 40342
Contact	Deron S. Byrne, P.E.
Phone	(502) 839-1310
Email	dbyrne@monarchengineering.net

Engineer

Name	David M. Bowles, P.E.
Firm	Monarch Engineering, Inc.
Address	556 Carlton Drive Lawrenceburg, KY 40342
Phone	(502) 839-1310
Email	dbowles@monarchengineering.net

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions and the following special conditions:

1) KIA shall receive a copy of a resolution or before July 1, 2012 restricting $300,000 in funds for the Debt Service Reserve for the KIA Loan F12-03. These funds will be made available by released reserve funds from a recently repaid KLC loan.
2) No later than July 1, 2012, the City shall provide documentation reflecting the account number and balance of the location where the $300,000 in debt service reserve funds are being held. This account should be classified as restricted.
3) Prior to February 1, 2013, the City shall have a User Rate Study for water and sewer rates conducted by an independent third party.
4) Prior to February 1, 2013, the City shall provide a copy of a User Rate Study results to KIA.
5) The City further covenants and agrees that if such rate study results reflect the need for an increased rate adjustment that they will implement any such adjustments no later than May 1, 2013.

CITY OF CAMPBELLSVILLE
BALANCE SHEETS (JUNE YEAR END)

ASSETS	Audited 2008	Audited 2009	Audited 2010	Audited 2011	Upon Completion 2013
Current Assets					
Cash	582,184	456,286	352,242	388,922	579,514
Certificates of Deposit	2,026,702	1,867,671	0	0	0
Accounts Receivable	319,297	307,320	320,853	271,702	272,800
Inventory	233,496	198,255	232,306	233,826	233,826
Other Current Assets	0	77,772	281,599	4,182	4,182
Total Current Assets	3,161,679	2,907,304	1,187,000	898,632	1,090,322
Restricted Assets					
Cash and Investments	697,804	702,669	2,289,777	2,447,579	2,447,579
Total Restricted Assets	697,804	702,669	2,289,777	2,447,579	2,447,579
Utility Plant					
Construction in Process	1,390,259	883,831	1,754,201	60,742	0
Land, System, Building and Equipment	42,288,500	45,707,792	48,114,585	50,764,617	52,639,617
Total	43,678,759	46,591,623	49,868,786	50,825,359	52,639,617
Less Accumulated Depreciation ( )	(17,217,400)	(18,177,879)	(19,154,764)	(20,124,663)	(22,083,861)
Net Fixed Assets	26,461,359	28,413,744	30,714,022	30,700,696	30,555,756
Other Assets					
Unamortized Bond Costs and Discount, Net	353,651	302,449	257,024	211,599	120,749
Total Other Assets	353,651	302,449	257,024	211,599	120,749
Total Assets	30,674,493	32,326,166	34,447,823	34,258,506	34,214,406
LIABILITIES					
Current Liabilities					
Accounts Payable	143,266	141,326	182,795	94,335	195,000
Accrued Payroll	75,320	85,124	102,999	133,983	110,000
Customer Deposits	105,571	105,507	108,409	108,678	108,678
Compensated Absences	19,434	16,213	12,259	35,641	35,641
Accrued Interest	19,242	17,402	33,978	15,865	15,865
C.P. Revenue Bonds Payable	623,511	642,293	666,202	672,403	287,044
C.P. - Note Payable	0	316,159	40,120	0	0
Deferred Revenue	45,563	39,488	33,413	21,263	21,263
Total Current Liabilities	1,031,907	1,363,512	1,180,175	1,082,168	773,491
Long Term Liabilities					
Revenue Bonds Payable	5,811,349	5,169,055	5,084,854	4,894,451	4,325,485
Accrued Compensated Absences	211,715	215,702	230,970	230,970	245,000
Proposed KIA Loan	0	0	0	0	1,218,750
Total Long Term Liabilities	6,023,064	5,384,757	5,315,824	5,125,421	5,789,235
Total Liabilities	7,054,971	6,748,269	6,495,999	6,207,589	6,562,726
Retained Earnings:					
Invested in Capital Assets Net of Related Debt	20,026,499	22,286,237	24,922,846	25,140,042	25,193,227
Restricted	697,802	702,667	2,289,775	2,447,579	2,447,579
Unrestricted	2,895,221	2,588,993	739,203	463,296	10,874
Total Retained Earnings	23,619,522	25,577,897	27,951,824	28,050,917	27,651,680
Total Liabilities and Equities	30,674,493	32,326,166	34,447,823	34,258,506	34,214,406
Balance Sheet Analysis					
Current Ratio	3.1	2.1	1.0	0.8	1.4
Debt to Equity	0.3	0.3	0.2	0.2	0.2
Working Capital	2,129,772	1,543,792	6,825	(183,536)	316,831
Percent of Total Assets in Working Capital	6.9%	4.8%	0.0%	-0.5%	0.9%
Days Sales in Accounts Receivable	25.3	24.3	25.8	21.1	21.1

EXHIBIT 1											
CITY OF CAMPBELLSVILLE											
CASH FLOW ANALYSIS (JUNE YEAR END)											
	Audited	**%**	**Audited**	**%**	**Audited**	**%**	**Audited**	**Projected**	**Projected**	**Projected**	**Projected**
Operating Revenues	**2008**	**Change**	**2009**	**Change**	**2010**	**Change**	**2011**	**2012**	**2013**	**2014**	**2015**
Charges for Services	4,516,142	0%	4,516,268	-2%	4,429,919	4%	4,595,018	4,600,000	4,623,000	4,646,100	4,669,300
Service Charges and Other	93,388	8%	100,562	3%	104,042	7%	110,975	100,000	100,500	101,000	101,500
Total Revenues	4,609,530	0%	4,616,830	-2%	4,533,961	4%	4,705,993	4,700,000	4,723,500	4,747,100	4,770,800
Operating Expenses											
Operating Expenses	3,602,769	7%	3,861,251	-2%	3,773,435	1%	3,826,581	3,968,200	4,115,000	4,267,300	4,425,200
Depreciation	937,031	3%	960,579	2%	981,758	-1%	969,900	969,900	989,298	1,042,900	1,063,758
Replacement Reserve										10,400	10,400
Total Expenses	4,539,800	6%	4,821,830	-1%	4,755,193	1%	4,796,481	4,938,100	5,104,298	5,320,600	5,499,358
Net Operating Income	69,730	-394%	(205,000)	8%	(221,232)	-59%	(90,488)	(238,100)	(380,798)	(573,500)	(728,558)
Non-Operating Income and Expenses											
Interest Income	169,768		153,718		95,198		113,208	90,000	90,000	90,000	90,000
Other	0		0		7,085		(3,290)	0	0	0	0
Contribution from "Reserve"								0	0	10,000	140,000
Total Non-Operating Income & Expenses	169,768	-9%	153,718	-33%	102,283	7%	109,918	90,000	90,000	100,000	230,000
Add Non-Cash Expenses											
Depreciation	937,031	3%	960,579	2%	981,758	-1%	969,900	969,900	989,298	1,042,900	1,063,758
Cash Available for Debt Service	**1,176,529**	**-23%**	**909,297**	**-5%**	**862,809**	**15%**	**989,330**	**821,800**	**698,500**	**569,400**	**565,200**
Debt Service (enter as positive #'s)											
Existing Principal	636,110		623,511		642,293		712,523	686,244	281,922	287,044	296,812
Existing Interest	221,428		245,399		265,909		165,299	172,226	148,006	138,379	128,501
Proposed KIA Loan									41,310	70,433	70,433
RD Loan										68,272	68,272
Total Debt Service	857,538		868,910		908,202		877,822	858,470	471,238	564,128	564,018
Income After Debt Service	318,991		40,387		(45,393)		111,508	(36,670)	227,262	5,272	1,182
Debt Coverage Ratio	1.4		1.0		1.0		1.1	1.0	1.5	1.0	1.0

A T T A C H M E N T

I.B.10.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F12-05) OF $922,850 TO THE CITY OF CENTERTOWN, OHIO COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Drinking Water Revolving Loan Program (Fund F) with the City of Centertown, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund F loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Drinking Water Revolving Fund loan for $922,850 of project expense including capitalized interest for the construction period, to the City of Centertown for the System Improvements Phase III and Phase IV project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time

of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. Principal forgiveness of 35% will be deducted from the approved loan amount. The unforgiven principal balance of $599,853 shall be repaid.

Section 4. The loan shall be repayable over 20 years at an interest rate of 1.0%. In addition to debt service, a 0.25% annual administration fee on the unpaid loan balance will be charged. From annual revenues, $2,300 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches $23,000 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 5. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

_____
TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

_____
SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

_____
PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 23, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: DWL12032; Fund F
Centertown Water System--34051
Activity ID: FGL20120003
HUC11: 05110004130 and 05110003100
Watershed Name: Rough River, near Lake Washburn and Green River, near South Carrollton
Project Name: Water System Improvements-Phase III and IV
Binding Commitment

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the City of Centertown is entitled to receive priority for funding for their Water System Improvements-Phase III and IV project and is eligible to receive $922,850.00 from the Drinking Water State Revolving Fund. The following information is provided:

1. Project specific environmental information was submitted to DOW on October 31, 2011.

2. Plans and specifications are expected to be submitted to DOW in April 2012.

3. Construction bids are expected to be opened in August 2012.

The KIA conditional commitment letter should include the following general conditions to satisfy federal requirements:

1. The project must have undergone a complete environmental review resulting in a Categorical Exclusion Determination (CED), a Finding of No Significant Impact (FONSI), or an Environmental Impact Statement (EIS) with a Record of Decision issued by the Department for Environmental Protection before bidding the project.

2. The borrower must receive DOW approval of the Plans and Specifications with regard to SRF funding before bidding the project.

3. The Authority to Award (bid) package must be submitted to DOW for approval before the contract can be awarded. DOW must perform the Disadvantaged Business Enterprise (DBE) reviews and conduct a preconstruction and project management conference.

4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.

5. The borrower must complete and submit any missing or incomplete parts of the Application to KIA upon request.

6. Loan Agreement must be executed within six (6) months from bid opening.

7. The city must agree to expend all loan funds within six months of the date of initiation of operation

Upon compliance with the general conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

The SRF application review has been completed by staff of the KIA. If you have any questions or concerns regarding missing items or additional submission requirements, please contact Sandy Williams at (502) 573-0260. Should you have any questions concerning this letter, do not hesitate to contact Joel Murphy, Project Manager, at (502) 564-8158, extension 4592.

Sincerely,

Buddy Griffin

Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:jjm

Enclosures

c: Honorable Larry Smith, City of Centertown
Sheryl Chino, Green River ADD
Joseph Pavoni, GRW Engineers

EXECUTIVE SUMMARY		Reviewer:	Sandy Williams
KENTUCKY INFRASTRUCTURE AUTHORITY		Date:	March 1, 2012
FUND F, FEDERALLY ASSISTED DRINKING WATER		KIA Loan Number:	**F12-05**
REVOLVING LOAN FUND		WRIS Number	**WX21183030, WX21183031**

BORROWER:	**CITY OF CENTERTOWN**
	OHIO COUNTY
BRIEF DESCRIPTION:	

This project involves construction of planned Phases III and IV of improvements to the City's water distribution system. Phase III will replace older small diamter asbestos cement pipe lines and create better looping in the downtown portion of the system. Phase IV includes the installation of various sized water mains to give the City the capability to provide service to the Big Rivers Electric Corporation DB Wilson station which currently treats its own water.

PROJECT FINANCING:		PROJECT BUDGET	
Fund F Loan	$ 922,850	Administrative Expenses	$ 25,350
		Legal Expenses	7,500
		Land, Easements	10,000
		Engineering Fees	170,500
		Construction	645,000
		Contingency	64,500
TOTAL	$ 922,850	TOTAL	$ 922,850

REPAYMENT				
	Rate	1.0%	Est. Annual Payment	$ 34,666
	Term	20 years	1st Payment	6 Mo. after first draw

PROFESSIONAL SERVICES		
	Engineer	GRW Engineers, Inc.
	Bond Counsel	Peck, Shaffer, & Williams

PROJECT SCHEDULE	
Bid Opening:	April 2012
Construction Start:	June 2012
Construction Stop:	February 2013

DEBT PER CUSTOMER		
	Existing:	$ 1,615
	Proposed:	$ 2,613

OTHER DEBT	
	See Attached

OTHER STATE-FUNDED PROJECTS LAST 5 YRS	
	See Attached

RESIDENTIAL RATES		Users	Avg. Bill	
	Current	546	$ 40.46	(for 4,000 gallons)
	Additional	0	$ 40.46	(for 4,000 gallons)

REGIONAL COORDINATION	
	This project is consistent with regional planning recommendations.

CASHFLOW	**Cash Available for Debt Service**	**Debt Service**	**Income after Debt Service**	**Coverage Ratio**
Audited 2008	3,373	0	3,373	n/a
Audited 2009	58,482	0	58,482	n/a
Audited 2010	112,557	0	112,557	n/a
Audited 2011	80,655	18,404	62,251	4.4
Projected 2012	73,283	36,327	36,956	2.0
Projected 2013	74,828	36,328	38,500	2.1
Projected 2014	80,254	70,994	9,260	1.1
Projected 2015	81,984	70,994	10,990	1.2
Projected 2016	83,749	70,994	12,755	1.2

Reviewer: Sandy Williams
Date: March 1, 2012
Loan Number: F12-05

KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND "F")
CITY OF CENTERTOWN, OHIO COUNTY
PROJECT REVIEW
WX21183030 and WX21183031

I. PROJECT DESCRIPTION

The City of Centertown is requesting a Fund "F" loan in the amount of $922,850 for the Water System Improvements - Phases III and IV projects. The City is completing a major upgrade to their water distribution system. The upgrade will significantly increase storage and pressure in the system, which in large part was built in the early 1970's and consists of small diameter asbestos cement pipe. The increased pressure is expected to have an adverse effect on some of the older lines where breaks are considered likely to happen. Phase III will replace the older, predominantly four inch lines, and create better looping in the downtown portion of the system.

Phase IV includes the installation of various sized water mains to give the City the capability to provide service to the Big Rivers Electric Corporation DB Wilson station which currently treats its own water. This will allow Big Rivers to exit the water treatment function while providing the City with a major customer. Estimated incremental water consumption is 6,000 gallons per day. Big Rivers commissioned a hydraulic analysis to determine what extra improvements should be made. Improvements to the City's lines system include an additional three inch water main to parallel a new one along KY 85 as well as a new winch water main to connect the new three inch main on Matanzas Road to a proposed six inch main on KY 69 from the water tank. This will create a loop in the system. Additionally, Big Rivers would need to extend a four inch service line into their site with a two inch compound meter and pressure sustaining valve and install low flow toilets and showers.

II. PROJECT BUDGET

	Total
Administrative Expenses	$ 25,350
Legal Expenses	7,500
Land, Easements	10,000
Engineering Fees	170,500
Construction	645,000
Contingency	64,500
Total	**$ 922,850**

III. PROJECT FUNDING

		Amount	%
Fund F Loan	$	922,850	100%
Total	**$**	**922,850**	**100%**

IV. KIA DEBT SERVICE

Construction Loan	$	922,850
Less: Principal Forgiveness (35%)	$	322,998
Amortized Loan Amount	$	599,853
Interest Rate		1.0%
Loan Term (Years)		20
Estimated Annual Debt Service	$	33,166
Administrative Fee (0.25%)	$	1,500
Total Estimated Annual Debt Service	**$**	**34,666**

V. PROJECT SCHEDULE

Bid Opening	April 2012
Construction Start	June 2012
Construction Stop	February 2013

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers	Current
Residential	517
Commercial	23
Industrial	6
Total	546

B) Rates

	Inside City		Outside City	
	Current	Prior	Current	Prior
Effective Date	7/1/2009	6/7/2008	7/1/2009	6/7/2008
First 2,000 gal (min. bill)	$24.00	$19.20	$38.82	$31.07
2,000 - 10,000 gallons	8.23	6.58	10.93	8.74
10,000 - 20,000 gallons	6.06	4.85	7.08	5.66
20,000 - 50,000 gallons	5.56	4.45	5.56	4.45
50,000 - 100,000 gallons	4.05	3.24	4.55	3.64
Over 100,000 gallons	3.04	2.43	4.05	3.24
Residential Bill for 4,000 gallons	$40.46	$32.36	$60.68	$48.55
% Increase from previous period	25.0%	20.0%	25.0%	20.0%
Affordability Index	1.5%	1.2%	2.3%	1.8%

VII. DEMOGRAPHICS

In 2010, the City had a population of 500 with a Median Household Income (MHI) of $31,765. The median household income for the Commonwealth is $41,197. Based on median household income falling below 80% of that of the Commonwealth, the project will qualify for a 1% interest rate.

VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

1) Green Project Reserve - This project qualifies for Green Project Reserve (GPR) funding for $380,000. The breakdown of the GPR to the respective "green" categories is listed below:
    a. Green Infrastructure - $0
    b. Water Efficiency - $380,000 (water line replacements)
    c. Energy Efficiency - $0
    d. Environmentally Innovative - $0

2) Additional Subsidization – This project qualifies for additional subsidization (in the amount of $322,998.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from audited financial statements for the years ended June 30, 2008 through 2011 for the Water Fund.

HISTORICAL

Revenues increased 53% from 224,523 in 2008 to $343,544 in 2011 primarily due to rate increases of 20% and 25% at the beginning of 2009 and 2010, respectively. Purchased water costs decreased 16% while operating expenses increased 57% during the same period. Payroll costs and supplies expense accounted for most of the increase. Cash available for debt service increased from $3,373 in 2008 to $80,655 in 2011. Prior to 2011 there was no debt service on the system. In 2011 the debt coverage ratio was 4.4.

The balance sheet reflects a current ratio of 5.5 and a debt to equity ratio of 0.4. The debt on the system is comprised of two KIA loans that were incurred in 2010 and 2011.

PROJECTED

1. Revenues and expenses will increase by 2% per year for general growth and inflation.
2. The addition of the Big Rivers Electric Corporation's DB Wilson plant will add approximately $12,000 in revenues and $5,600 in purchased water cost beginning in 2014.
3. A replacement reserve of $2,300 will need to be funded annually for ten years.
4. Debt service coverage is 1.1 in 2014 when principal and interest payments begin.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund F loan.

REPLACEMENT RESERVE

The annual replacement cost is $2,300. This amount should be added to the replacement account each December 1 until the balance reaches $23,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	Outstanding	Maturity
KIA (F08-09)	$ 782,065	Dec-40
KIA (F2 09-04)	99,862	Dec-30
Total	**$ 881,927**	

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

Project Title	Funding Source	Amount	Type
Water System Improvements	HB380	1,100,000	Grant
Water System Improvements	HB608	500,000	Grant
Water System Improvements	HB410	410,000	Grant

XII. CONTACTS

Applicant	
Name	City of Centertown
Address	816 Main Street, P.O. Box 516
	Centertown, KY 42328
County	Ohio
Contact	Larry Smith
Phone	(270) 232-5067

Applicant Contact	
Name	Green River Area Development District
Address	3860 U.S. Highway 60 West
	Owensboro, KY 42301
Contact	Sheryl Chino
Phone	(270) 926-4443
Email	SherylChino@gradd.com

Engineer	
Name	Joe Pavoni
Firm	GRW Engineers, Inc.
Address	11909 Shelbyville Road, Suite 100
	Louisville, KY 40243
Phone	(502) 489-8484
Email	Jpavoni@grwinc.com

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

CITY OF CENTERTOWN
BALANCE SHEETS (JUNE YEAR END)

ASSETS	Audited 2008	Audited 2009	Audited 2010	Audited 2011	Upon Completion 2013
Current Assets					
Cash	90,483	117,468	297,252	469,502	545,000
Accounts Receivable	26,982	31,456	32,484	29,088	30,300
Inventory	12,811	15,950	24,297	24,294	25,000
Total Current Assets	130,276	164,874	354,033	522,884	600,300
Restricted Assets					
Investments	2,634	120,220	192,731	37,059	45,000
KIA Reserves	0	0	0	0	15,000
Total Restricted Assets	2,634	120,220	192,731	37,059	60,000
Utility Plant					
Land, System, Building and Equipment	325,781	325,781	414,270	441,940	4,185,118
Construction in Progress	224,839	261,542	2,165,155	2,820,328	0
Total	550,620	587,323	2,579,425	3,262,268	4,185,118
Less Accumulated Depreciation ( )	(227,845)	(236,943)	(253,284)	(272,829)	(500,629)
Net Fixed Assets	322,775	350,380	2,326,141	2,989,439	3,684,489
Total Assets	455,685	635,474	2,872,905	3,549,382	4,344,789
LIABILITIES					
Current Liabilities					
Accounts Payable	13,533	14,453	151,420	23,186	27,500
Other Liabilities	805	1,032	1,539	2,041	2,500
Customer Meter Deposits	25,870	29,431	32,785	36,075	37,500
Interfund Payable	32,200	9,590	16,546	9,758	9,758
C.P. Long Term Debt	0	0	0	27,577	28,133
Total Current Liabilities	72,408	54,506	202,290	98,637	105,391
Long Term Liabilities					
Long Term Debt	0	0	378,015	854,350	798,919
Proposed KIA Loan	0	0	0	0	599,853
Total Long Term Liabilities	0	0	378,015	854,350	1,398,772
Total Liabilities	72,408	54,506	580,305	952,987	1,504,163
Retained Earnings:					
Invested in Capital Assets Net of Related Debt	322,775	350,380	1,948,126	2,107,512	2,257,584
Restricted	2,634	120,220	192,731	37,059	60,000
Unrestricted	57,868	110,368	151,743	451,824	523,042
Total Retained Earnings	383,277	580,968	2,292,600	2,596,395	2,840,626
Total Liabilities and Equities	455,685	635,474	2,872,905	3,549,382	4,344,789
Balance Sheet Analysis					
Current Ratio	1.8	3.0	1.8	5.3	5.7
Debt to Equity	0.2	0.1	0.3	0.4	0.5
Days Sales in Accounts Receivable	43.9	42.5	34.8	30.9	30.9

EXHIBIT 1
CITY OF CENTERTOWN
CASH FLOW ANALYSIS (JUNE YEAR END)

	Audited 2008	% Change	Audited 2009	% Change	Audited 2010	% Change	Audited 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016
Operating Revenues												
Charges for Services	224,523	20%	270,092	26%	341,002	1%	343,544	350,415	357,423	376,321	383,847	391,524
Total Revenues	224,523	20%	270,092	26%	341,002	1%	343,544	350,415	357,423	376,321	383,847	391,524
Operating Expenses												
Purchased Water	116,773	-16%	98,119	9%	106,948	-8%	98,170	100,133	102,136	109,779	111,975	114,215
Operating Expenses	107,933	10%	118,796	5%	125,092	36%	169,607	172,999	176,459	179,988	183,588	187,260
Depreciation	9,091	0%	9,098	80%	16,341	22%	19,885	113,900	113,900	144,700	144,700	144,700
Replacement Reserve	0		0		0		0	7,500	7,500	9,800	9,800	9,800
Total Expenses	233,797	-3%	226,013	10%	248,381	16%	287,662	394,532	399,995	444,267	450,063	455,975
Net Operating Income	(9,274)	-575%	44,079	110%	92,621	-40%	55,882	(44,117)	(42,572)	(67,946)	(66,216)	(64,451)
Non-Operating Income and Expenses												
Interest Income	93		446		595		888	500	500	500	500	500
Other	3,463		4,859		3,000		4,000	3,000	3,000	3,000	3,000	3,000
Total Non-Operating Income & Expenses	3,556	49%	5,305	-32%	3,595	36%	4,888	3,500	3,500	3,500	3,500	3,500
Add Non-Cash Expenses												
Depreciation	9,091	0%	9,098	80%	16,341	22%	19,885	113,900	113,900	144,700	144,700	144,700
Cash Available for Debt Service	**3,373**	**1634%**	**58,482**	**92%**	**112,557**	**-28%**	**80,655**	**73,283**	**74,828**	**80,254**	**81,984**	**83,749**
Debt Service												
Existing Principal	0		0		0		13,686	27,577	27,854	28,133	28,415	28,700
Existing Interest	0		0		0		4,718	8,750	8,474	8,195	7,913	7,628
Proposed KIA Loan										34,666	34,666	34,666
Total Debt Service	0		0		0		18,404	36,327	36,328	70,994	70,994	70,994
Income After Debt Service	3,373		58,482		112,557		62,251	36,956	38,500	9,260	10,990	12,755
Debt Coverage Ratio	n/a		n/a		n/a		4.4	2.0	2.1	1.1	1.2	1.2

ATTACHMENT

I.B.11.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F12-06) OF $3,000,000 TO THE CITY OF STURGIS, UNION COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Drinking Water Revolving Loan Program (Fund F) with the City of Sturgis, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund F loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Drinking Water Revolving Fund loan for $3,000,000 of project expense including capitalized interest for the construction period, to the City of Sturgis for the Sturgis Water System/Union County Water District Consolidation project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority

staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. Principal forgiveness of 35% will be deducted from the approved loan amount. The unforgiven principal balance of $1,950,000 shall be repaid.

Section 4. The loan shall be repayable over 20 years at an interest rate of 1.0%. In addition to debt service, a 0.25% annual administration fee on the unpaid loan balance will be charged. From annual revenues, $7,500 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches $75,000 maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 5. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

_____
TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

_____
SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

_____
PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 28, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: DWL12034 Fund F
Union Co Water District--34125
HUC-11#05140205120
Watershed: Trade Water River, below Blackford
Activity ID: FGL20120001

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the City of Sturgis is entitled to receive priority for funding for the Sturgis/Union Co. Consolidation project and is eligible to receive $3,000,000 from the Drinking Water State Revolving Fund. The following requirements have been addressed as follows:

1. Plans and specifications were issued a technical approval by DOW on March 31, 2011.

2. Construction bids are expected to be opened in February 2013.

3. Project specific environmental information is expected to be submitted to DOW in March 2012.

The binding commitment letter should include the following general conditions to satisfy federal requirements:

1. The Authority to Award (bid) package must be submitted to DOW for approval within 14 days of bid opening. DOW must perform the DBE reviews, conduct a pre-construction and project management conference.

2. Loan Agreement must be executed within six (6) months from bid opening.

3. The city must agree to expend all loan funds within six months of the date of initiation of operation.

4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.

5. The borrower must complete and submit any missing or incomplete parts of the Application to KIA upon request.

6. The borrower must receive DOW approval of the Plans and Specifications before bidding the project.

7. The borrower must receive DOW approval of the Environmental Assessment before bidding the project.

KentuckyUnbridledSpirit.com
Kentucky UNBRIDLED SPIRIT
An Equal Opportunity Employer M/F/D

The SRF application has been completed by staff of the Kentucky Infrastructure Authority (KIA). If you have any questions or concerns regarding missing or additional submission requirements, please contact KIA at (502) 573-0260. Should you have any questions concerning this letter, please contact Alison Simpson, Project Administrator, at (502) 564-8158, extension 4591.

Sincerely,

Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:as

Enclosures

C: The Honorable Thomas Holt, Mayor of Sturgis
Pete Conrad, GRADD
Ron Gastineau, Gastineau & Associates, Inc.
Rod Martin, Hunter Martin & Associates, Inc.

EXECUTIVE SUMMARY
KENTUCKY INFRASTRUCTURE AUTHORITY
FUND F, FEDERALLY ASSISTED DRINKING WATER
REVOLVING LOAN FUND

Reviewer:	Kasi White
Date:	March 1, 2012
KIA Loan Number:	**F12-06**
WRIS Number	**WX21225034**

BORROWER:	**CITY OF STURGIS**
	UNION COUNTY

BRIEF DESCRIPTION:

This project involves the elimination of finished water production at the Sturgis Water Plant by constructing an inter-connect to purchase water from the Union County Water District. The project components include building or replacing approximately 75,000 linear feet (LF) of four to ten inch PVC water lines, two pump stations, a 500,000 gallon water tank and a master meter between the two entities. The City is operating under two Agreed Orders which are expected to be resolved by completion of this project.

PROJECT FINANCING:		PROJECT BUDGET	
Fund F Loan	$ 3,000,000	Administrative Expenses	$ 75,000
CDBG	1,000,000	Legal Expenses	10,300
		Engineering Fees	436,218
		Construction	3,104,207
		Contingency	374,275
TOTAL	$ 4,000,000	TOTAL	$ 4,000,000

REPAYMENT				
	Rate	1.0%	Est. Annual Payment	$ 112,693
	Term	20 years	1st Payment	6 Mo. after first draw

PROFESSIONAL SERVICES		
	Engineer	Hunter Martin & Associates, Inc.
		Gastineau and Associates, Inc.
	Bond Counsel	Peck, Shaffer, & Williams

PROJECT SCHEDULE	
Bid Opening:	June 2012
Construction Start:	August 2012
Construction Stop:	August 2013

DEBT PER CUSTOMER		
	Existing:	$ 418
	Proposed:	$ 2,046

OTHER DEBT	
	See Attached

OTHER STATE-FUNDED PROJECTS LAST 5 YRS	
	See Attached

RESIDENTIAL RATES		Users		Avg. Bill	
	Current	1,094	$	35.89	(for 4,000 gallons)
	Additional	0	$	35.89	(for 4,000 gallons)

REGIONAL COORDINATION	
	This project is consistent with regional planning recommendations.

CASHFLOW	Cash Available for Debt Service	Debt Service	Income after Debt Service	Coverage Ratio
Audited 2008	62,591	105,131	(42,540)	0.6
Audited 2009	59,830	139,038	(79,208)	0.4
Audited 2010	170,185	207,928	(37,743)	0.8
Audited 2011	104,069	63,063	41,006	1.7
Projected 2012	91,478	69,903	21,575	1.3
Projected 2013	92,693	82,286	10,407	1.1
Projected 2014	132,332	133,466	(1,134)	1.0
Projected 2015	197,636	181,994	15,642	1.1
Projected 2016	189,787	180,581	9,206	1.1

Reviewer: Kasi White
Date: March 1, 2012
Loan Number: F12-06

KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND "F")
CITY OF STURGIS, UNION COUNTY
PROJECT REVIEW
WX21225034

I. PROJECT DESCRIPTION

The City of Sturgis is requesting a Fund "F" loan in the amount of $4,000,000 for the Sturgis Water System / Union County Water District Consolidation project. The project involves the elimination of finished water production at the Sturgis Water Plant by constructing an inter-connect to purchase water from the Union County Water District. The project components include building or replacing approximately 75,000 linear feet (LF) of four to ten inch PVC water lines, two pump stations, a 500,000 gallon water tank and a master meter between the two entities. The City's existing plant has been in operation since 1978. The project will also resolve a problematic transmission line that has failed an average of once per month. The travel time of finished water will be shortened thus reducing the formation of disinfection by products while allowing City water personnel to concentrate on maintaining and improving the existing distribution system.

The City is under two Agreed Orders. The first is due to violations of total Trihalomethanes (TTHM) and Total Haloacetic Acids (HAA5). The second order is due to a lack of proper record keeping and monitoring of the water treatment plant, intake structure and distribution system. Since 2004 the City has received twenty three notices of violation for TTHM and ten notices for HAA5.

Rates for the Union County Water District are subject to PSC jurisdiction. The District purchases water from the City of Morganfield which currently produces two million gallons of water per day but has the capacity to produce six million gallons per day.

Debt service and reserve funding for the project will be paid by the Union County Fiscal Court.

II. PROJECT BUDGET

	Total
Administrative Expenses	$ 75,000
Legal Expenses	10,300
Engineering Fees	436,218
Construction	3,104,207
Contingency	374,275
Total	**$ 4,000,000**

III. PROJECT FUNDING

	Amount	%
Fund F Loan	$ 3,000,000	75%
CDBG	1,000,000	25%
Total	**$ 4,000,000**	**100%**

IV. KIA DEBT SERVICE

Construction Loan	$ 3,000,000
Less: Principal Forgiveness (35%)	$ 1,050,000
Amortized Loan Amount	$ 1,950,000
Interest Rate	1.0%
Loan Term (Years)	20
Estimated Annual Debt Service	$ 107,818
Administrative Fee (0.25%)	$ 4,875
Total Estimated Annual Debt Service	**$ 112,693**

V. PROJECT SCHEDULE

Bid Opening	June 2012
Construction Start	August 2012
Construction Stop	August 2013

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

	Current
Residential	986
Commercial	108
Total	1,094

B) Rates

Rates were last increased in April 2010 by approximately 11% resulting in the below rate structure.

	Current	Prior
Minimum (1,000 gallons)	$13.78	$12.53
Next 4,000 Gallons	7.37	6.58
Next 5,000 Gallons	4.60	4.11
Next 40,000 Gallons	3.81	3.31
All Over 50,000 Gallons	2.86	2.38
Cost for 4,000 gallons	$35.89	$32.27
Affordability Index (Rate/MHI)	1.5%	

VII. DEMOGRAPHICS

In 2010, the City had a population of 1,870 with a Median Household Income (MHI) of $29,213. The median household income for the Commonwealth is $41,197. Based on median household income falling below 80% of that of the Commonwealth, the project will qualify for a 1% interest rate.

VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR) funding.

2) Additional Subsidization – This project qualifies for additional subsidization in the amount of $1,050,000.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from the City's audited financial statements for the years ended June 30, 2008 through 2011 for the Water Fund.

HISTORICAL

Revenues increased 10% from $457,842 in 2008 to $504,908 in 2011. Rates were increase 10% in March 2008 and 11% in April 2010. Operating expenses have been flat at slightly over $400,000 with the exception of 2010 when they declined 21% as the result of reduced personnel and contracted services costs. The debt coverage ratio was negative from 2008 through 2010 (0.6, 0.4, 0.8, respectively) and improved to 1.7 in 2011. The improvement was due to a reduction in debt service requirements of about $145,000 in 2011. The balance sheet reflects a current ratio of 0.7 and a debt to equity ratio of 0.5.

PROJECTED

Projects are based on the following assumptions:

1) Revenues will be flat for customer growth.
2) Within 90 days of any rate adjustment of purchased water costs (currently $1,136.97 for the first 300,000 gallons each month then $2.88 per thousand gallons thereafter), the city will increase the rate structure to accommodate the increase in the purchase cost.
3) Operating expenses increase 3%.
4) Operating expenses will be reduced by approximately $191,300 in 2015 for the elimination of the water treatment plant

5) The cash flow projection reflects a revenue shortfall of approximately $35,000 in 2015 that will necessitate a rate increase. However, given the length of time before this will be required, KIA will require a rate study upon completion of the project with the result of the rate study determining the amount, if any, and timing of a rate adjustment since the city will be moving from a water producer to a water purchaser.
6) A replacement reserve of $7,500 funded annually for ten years.
7) The Union County Fiscal Court, by virtue of a Memorandum of Agreement, has agreed to provide funds to cover all debt service payments as well as funding for the Replacement Reserve requirement in an amount not to exceed four ($4) million dollars. Based on the current amortization and total reserve, as of right now, the total payments are expected to total approximately $2.32MM.

The debt coverage ratio is 1.1 in FY2015 which is the first full year of principal and interest repayments. Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund F loan.

REPLACEMENT RESERVE

The annual replacement cost is $7,500. This amount should be added to the replacement account each December 1 until the balance reaches $75,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	Outstanding	Maturity
Series 2010 Bonds	$ 457,600	Feb-24
Total	**$ 457,600**	

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

Project Title	Funding Source	Amount	Type
Water Improvements	HB380	625,000	Grant
Water Improvements	HB608	300,000	Grant
Sewer Plant Improvements	HB380	2,000,000	Grant
Water Improvements	CDBG	1,000,000	Grant
Water Intake Generator	HB1	261,500	Grant

XII. CONTACTS

Applicant

Name	City of Sturgis
Address	P.O. Box 98 Sturgis, KY 42459
Contact	Thomas Holt
Phone	(270) 333-2166
Email	cosgov@earthlink.com

Applicant Contact

Name	Green River Area Development District
Address	3860 U.S. Hwy 60 West Owensboro, KY 42301
Contact	Pete Conrad
Phone	(270) 926-4433
Email	PeteConrad@gradd.org

Co-Engineer

Name	Rod Martin
Firm	Hunter Martin & Associates, Inc.
Address	3220 Lone Oak Road Paducah, KY 42003
Phone	(270) 554-2737
Email	rod@huntermartin.com

Co-Engineer

Name	Ron Gastineau
Firm	Gastineau and Associates, Inc.
Address	3465 Rabbits Foot Trail Lexington, KY 40503
Phone	(859) 421-4641
Email	regksg@windstream.net

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions and the following special conditions:

1) Prior to bidding, the City must obtain a commitment from the Community Development Block Grant program or other funding source in the amount of $1,000,000 and provide a copy of such commitment to KIA.
2) Prior to bidding, the City will provide a copy of the executed Memorandum of Agreement, in a form that is satisfactory to KIA, with the Union County Fiscal Court that provides for the County to fund both debt service and maintenance and reserve requirements for the life of the loan.
3) Prior to bidding, the City will provide a copy of the executed water purchase agreement with the Union County Water District (UCWD) which will establish the rate and billing procedures as well as the Lease Agreement for the tank and lines to the master meter which will revert in ownership to UCWD once the loan is repaid.
4) The City shall have a User Rate Study for water and sewer rates conducted by an independent third party within ninety (90) days of completion of this proposed project.
5) The City shall provide a copy of a User Rate Study results to KIA upon completion.
6) The City further covenants and agrees that if such rate study results reflect the need for rate adjustments that they will implement any such adjustments no later than sixty (60) days after completion of the study.
7) The City will include a provision in their rate ordinance to adjust rates within ninety (90) days of a purchased water rate increase imposed pursuant to their water purchase contract.

CITY OF STURGIS (WATER SYSTEM)
BALANCE SHEETS (JUNE YEAR END)

ASSETS	Audited 2008	Audited 2009	Audited 2010	Audited 2011	Upon Completion 2014
Current Assets					
Cash	31,158	14,949	84,671	84,471	115,320
Investments	0	0	8,806	9,483	10,000
Accounts Receivable	48,021	48,696	53,067	54,636	54,600
Due from Other Funds	1,071	2,305	2,727	4,525	4,500
Prepaids	23,832	0	0	0	0
Total Current Assets	104,082	65,950	149,271	153,115	184,420
Restricted Assets					
Total Restricted Assets	250,543	240,249	91,403	96,340	110,000
Utility Plant					
Land, System, Building and Equipment	3,701,235	3,708,001	3,768,570	3,947,450	7,947,450
Construction in Progress	42,087	73,867	0	0	0
Total	3,743,322	3,781,868	3,768,570	3,947,450	7,947,450
Less Accumulated Depreciation ( )	(2,293,801)	(2,380,847)	(2,322,600)	(2,427,240)	(2,297,240)
Net Fixed Assets	1,449,521	1,401,021	1,445,970	1,520,210	5,650,210
		38,546	(13,298)	178,880	
Other Assets					
Unamortized Bond Costs and Discount, Net	0	0	18,848	17,461	13,300
Total Other Assets	0	0	18,848	17,461	13,300
Total Assets	1,804,146	1,707,220	1,705,492	1,787,126	5,957,929
LIABILITIES					
Current Liabilities					
Accounts Payable	36,165	20,234	30,003	118,560	30,000
Other Liabilities	11,178	10,932	9,611	3,930	10,000
Due to Other Funds	33,832	29,832	29,832	27,234	27,234
Customer Deposits	6,381	7,605	7,777	8,850	8,850
Interest Payable	27,169	24,891	617	5,126	5,000
C.P. Debt	68,695	62,485	54,400	57,600	104,959
Total Current Liabilities	183,420	155,979	132,240	221,300	186,043
Long Term Liabilities					
Long Term Debt	699,002	603,761	457,600	400,000	227,200
Proposed KIA Loan	0	0	0	0	1,905,841
Total Long Term Liabilities	699,002	603,761	457,600	400,000	2,133,041
Total Liabilities	882,422	759,740	589,840	621,300	2,319,084
Retained Earnings:					
Invested in Capital Assets Net of Related Debt	666,148	709,884	933,353	1,057,484	3,407,210
Restricted	212,028	227,693	78,672	83,343	110,000
Unrestricted	43,548	9,903	103,627	24,999	121,636
Total Retained Earnings	921,724	947,480	1,115,652	1,165,826	3,638,845
Total Liabilities and Equities	1,804,146	1,707,220	1,705,492	1,787,126	5,957,929
Balance Sheet Analysis					
Current Ratio	0.6	0.4	1.1	0.7	1.0
Debt to Equity	1.0	0.8	0.5	0.5	0.6
Days Sales in Accounts Receivable	38.3	38.0	39.4	39.5	39.5

EXHIBIT 1												
CITY OF STURGIS (WATER SYSTEM)											7%	
CASH FLOW ANALYSIS (JUNE YEAR END)												
	Audited	**%**	**Audited**	**%**	**Audited**	**%**	**Audited**	**Projected**	**Projected**	**Projected**	**Projected**	**Projected**
Operating Revenues	**2008**	**Change**	**2009**	**Change**	**2010**	**Change**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Charges for Services	448,445	2%	457,007	1%	462,728	7%	493,769	493,770	493,770	493,770	493,770	528,770
Penalties	8,782	3%	9,050	6%	9,563	2%	9,708	9,710	9,710	9,710	9,710	9,710
Miscellaneous	615	185%	1,750	1034%	19,849	-93%	1,431	1,500	1,500	1,500	1,500	1,500
Rate Increase	0		0		0		0	0	0	0	35,000	0
Total Revenues	457,842	2%	467,807	5%	492,140	3%	504,908	504,980	504,980	504,980	539,980	539,980
Operating Expenses												
Purchased Water	0		0		0		0	0	0	0	194,400	194,400
Operating Expenses	400,967	3%	412,835	-21%	325,477	24%	402,429	414,502	426,937	439,745	452,937	466,525
Eliminate Cost of Water Treatment Plant	0		0		0		0	0	0	0	(191,300)	(197,039)
Depreciation	90,446	-4%	87,046	7%	93,495	12%	104,639	104,640	106,733	108,867	208,867	213,045
Replacement Reserve	0		0		0		0	0	0	0	7,500	7,500
Total Expenses	491,413	2%	499,881	-16%	418,972	21%	507,068	519,142	533,670	548,612	672,404	684,431
Net Operating Income	(33,571)	-4%	(32,074)	-328%	73,168	-103%	(2,160)	(14,162)	(28,690)	(43,632)	(132,424)	(144,451)
Non-Operating Income and Expenses												
Interest Income	5,716	-15%	4,858	-28%	3,522	-55%	1,590	1,000	1,000	1,000	1,000	1,000
Union County Debt Service (KIA Loan)	0		0		0		0	0	13,650	66,097	120,193	120,193
Total Non-Operating Income & Expenses	5,716	-15%	4,858	-28%	3,522	-55%	1,590	1,000	14,650	67,097	121,193	121,193
Add Non-Cash Expenses												
Depreciation	90,446	-4%	87,046	7%	93,495	12%	104,639	104,640	106,733	108,867	208,867	213,045
Cash Available for Debt Service	**62,591**	**-4%**	**59,830**	**184%**	**170,185**	**-39%**	**104,069**	**91,478**	**92,693**	**132,332**	**197,636**	**189,787**
Debt Service												
Existing Principal	63,541		101,451		154,246		54,400	57,600	57,600	57,600	60,800	60,800
Existing Interest	41,590		37,587		53,682		8,663	12,303	11,036	9,769	8,501	7,088
Proposed KIA Loan									13,650	66,097	112,693	112,693
Total Debt Service	105,131		139,038		207,928		63,063	69,903	82,286	133,466	181,994	180,581
Income After Debt Service	(42,540)		(79,208)		(37,743)		41,006	21,575	10,407	(1,134)	15,642	9,206
Debt Coverage Ratio	0.6		0.4		0.8		1.7	1.3	1.1	1.0	1.1	1.1

ATTACHMENT

I.B.12.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B12-01) OF $505,000 TO THE CITY OF OLIVE HILL, CARTER COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Infrastructure Revolving Loan Program with the City of Olive Hill, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority intends to utilize money in the Infrastructure Revolving Fund to make the loan to the governmental agency for the aforementioned purposes; and

WHEREAS, the Authority wishes to establish terms and conditions on said Infrastructure Revolving Fund loans.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Infrastructure Revolving Fund loan commitment for $505,000 of project expense, to the City of Olive Hill for the Water System Improvements project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff based on adjustment in project costs of not more than (10%) ten

percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable in 20 years at an annual interest rate of 1.0% subject to determination of the tax status of the project. In addition to debt service, a 0.2% annual administration fee on the unpaid, principal balance will be charged. From annual revenues, $1,300 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches $13,000 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

_____
TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

_____
SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

_____
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

EXECUTIVE SUMMARY		Reviewer:	Sandy Williams
KENTUCKY INFRASTRUCTURE AUTHORITY		Date:	March 1, 2012
FUND B, INFRASTRUCTURE		KIA Loan Number:	**B-12-01**
REVOLVING LOAN FUND		WRIS Number	**WX21043022**

BORROWER:	**CITY OF OLIVE HILL**
	CARTER COUNTY

BRIEF DESCRIPTION:

This project involves construction of a chemical storage building and a floating raw water intake structure and the development of a water loss reduction plan and hydraulic model of the Olive Hill Water system. The City is under an Agreed Order that requires compliance by November 2012. Two floods in 2010 resulted in significant damage to their systems and repairs were needed to make the water potable again. However, additional upgrades are still needed. The City also has a significant water loss problem and is mandated to develop a water loss reduction plan.

PROJECT FINANCING:		PROJECT BUDGET	
Fund B Loan	$ 505,000	Administrative Expenses	$ 20,000
		Water Loss Reduction Plan	95,000
		Engineering Fees	58,622
		Construction	292,375
		Contingency	39,003
TOTAL	$ 505,000	TOTAL	$ 505,000

REPAYMENT			Est. Annual	
	Rate	1.0%	Payment	$ 28,932
	Term	20 years	1st Payment	6 Mo. after first draw

PROFESSIONAL SERVICES	Engineer	E.L. Robinson Engineering Co.
	Bond Counsel	Peck, Shaffer, & Williams

PROJECT SCHEDULE	Bid Opening:	March 7, 2012
	Construction Start:	April 1, 2012
	Construction Stop:	September 1, 2012

DEBT PER CUSTOMER	Existing:	$ 630
	Proposed:	$ 646

OTHER DEBT	See Attached
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached

		Users		Avg. Bill	
RESIDENTIAL RATES	Current	2,472	$	20.00	(for 4,000 gallons)
	Additional	0	$	20.00	(for 4,000 gallons)

REGIONAL COORDINATION	This project is consistent with regional planning recommendations.

CASHFLOW	**Cash Available for Debt Service**	**Debt Service**	**Income after Debt Service**	**Coverage Ratio**
Audited 2008	265,546	304,727	(39,181)	0.9
Audited 2009	411,338	342,486	68,852	1.2
Audited 2010	(314,524)	277,719	(592,243)	-1.1
Audited 2011	71,606	291,882	(220,276)	0.2
Projected 2012	179,723	297,889	(118,166)	0.6
Projected 2013	335,070	282,793	52,277	1.2
Projected 2014	308,480	266,711	41,769	1.2
Projected 2015	281,092	197,240	83,852	1.4
Projected 2016	252,882	195,215	57,667	1.3

Reviewer: Sandy Williams
Date: March 1, 2012
Loan Number: B12-01

KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND (FUND "B")
CITY OF OLIVE HILL, CARTER COUNTY
PROJECT REVIEW
WX21043022

I. PROJECT DESCRIPTION

The City of Olive Hill is requesting a Fund "B" loan in the amount of $505,000 for the Water System Improvements project. This project involves construction of a chemical storage building and a floating raw water intake structure and the development of a water loss reduction plan and hydraulic model of the Olive Hill Water system. The City is under an Agreed Order that requires compliance by November 2012. Two floods in 2010 resulted in significant damage to their systems and repairs were needed to make the water potable again. However, additional upgrades are still needed. The City also has a significant water loss problem and is mandated to develop a water loss reduction plan.

II. PROJECT BUDGET

		Total
Administrative Expenses	$	20,000
Water Loss Reduction Plan		95,000
Engineering Fees		58,622
Construction		292,375
Contingency		39,003
Total	**$**	**505,000**

III. PROJECT FUNDING

		Amount	%
Fund B Loan	$	505,000	100%
Total	**$**	**505,000**	**100%**

IV. KIA DEBT SERVICE

Construction Loan	$	505,000
Interest Rate		1.0%
Loan Term (Years)		20
Estimated Annual Debt Service	$	27,922
Administrative Fee (0.20%)	$	1,010
Total Estimated Annual Debt Service	**$**	**28,932**

V. PROJECT SCHEDULE

Bid Opening	March 7, 2012
Construction Start	April 1, 2012
Construction Stop	September 1, 2012

VI. RATE STRUCTURE

A. Customers

Customers	Current
Residential	2,345
Commercial	127
Industrial	0
Total	2,472

B. Rates

	City		Outside City	
5/8" – 3/4" Meter	Current	Prior	Current	Prior
Date of Last Rate Increase	1/25/2012	9/20/2005	1/25/2012	9/20/2005
Minimum (2,000 gallons)	$11.25	$9.00	$20.00	$16.00
2,000 - 50,000 Gallons (000)	6.90	5.50	10.00	8.00
Over 50,000 Gallons	6.90	5.50	7.50	6.00
Cost for 4,000 gallons	$25.05	$20.00	$40.00	$32.00
Increase %	25.3%	35.0%	25.0%	35.0%
Affordability Index (Rate/MHI)	1.1%	0.9%	1.8%	1.5%
Debt Surcharge	$1.11	$0.00	$1.11	$0.00

VII. DEMOGRAPHICS

In 2010, the City's population was 1,931 with a Median Household Income (MHI) of $26,154. The median household income for the Commonwealth is $41,197. The project will qualify for a 1% interest rate.

VIII. FINANCIAL ANALYSIS (See Exhibit 1)

Audited financial statements were provided for the years ended June 30, 2008 through 2011. The Utility Fund is used to account for gas, water, sewer, electric and garbage services. The income statement is divided into each sub category however the balance sheet is reported for the combined utilities. The primary scope of the analysis below is limited to the water operation.

HISTORY

Water revenues decreased 4% from $925,034 in 2008 to $887,489 in 2011 while expenses increased 13% from $781,422 in 2008 to $884,003 in 2011. Water rates have not been adjusted since September 2005. In 2010, water expenses increased by about $275,000 due to a significant flood event that occurred in May. A second flood occurred in July 2010 (fiscal 2011). Expenses in 2011 were about $130,000 higher than 2009 but flood related amounts were not quantified. For the utility in aggregate operating cash flow after debt service was negative $592,243 in 2010 and negative $220,276 in 2011.

The balance sheet reflects a current ratio of 1.6 and a debt to equity ratio of 0.2.

PROJECTIONS

Projections are based on the following assumptions:

- The scope of the forecast is limited to the water operation. Revenues and expenses for all other utility components will remain constant.
- Water revenues will be flat for volume but will increase for the surcharge and rate increase for four months of 2012.
- Aggregate cash flow for the utility is projected to be negative by approximately $120,000 for 2012.
- Water expenses will increase 3% per year.
- A replacement reserve of $1,300 will be funded each year
- Debt service on the proposed loan will be $28,932 annually.
- The debt coverage ratio will be 1.2 in 2013 when principal and interest payments begin.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

REPLACEMENT RESERVE

The annual replacement cost is $1,300. This amount should be added to the replacement account each December 1 until the balance reaches $13,000 and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

	Outstanding	Maturity
Series 1980 Revenue Bonds	$ 733,000	Feb-19
Series 2001 KADD Bonds	540,000	Dec-25
KIA (A93-01)	213,128	Jun-14
Gas System Loan	55,493	Dec-12
Commercial Bank of Grayson (Truck)	15,031	Mar-13
Total	**$ 1,556,652**	

X. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

Project Title	Funding Source	Amount	Type
Water System Improvements	HB380	500,000	Grant
Sewer Extension	HB380	250,000	Grant
Blueberry Hill Sewer	HB608	415,000	Grant
Biggs Hill Tank	HB608	450,000	Grant

XI. CONTACTS

Applicant

Name	City of Olive Hill
Address	225 Roger Patton Drive Olive Hill, KY 41165
County	Carter
Contact	Cheri James
Phone	(606) 286-5532
Email	cjamescoh@yahoo.com

Applicant Contact

Name	CEDA, Inc.
Address	P.O. Box 855 Richmond, KY 40476
Contact	Bryan Kirby
Phone	(859) 624-3396
Email	bryan@cedainc.net

Engineer

Name	Paul Amburgey
Firm	E.L. Robinson Engineering Co.
Address	3145 Greenup Avenue Ashland, KY 41101
Phone	(606) 326-1890
Email	pamburgey@elrobinson.com

XII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

CITY OF OLIVE HILL
BALANCE SHEETS (JUNE YEAR END)

ASSETS	Audited 2008	Audited 2009	Audited 2010	Audited 2011	Upon Completion 2013
Current Assets					
Cash	715,600	581,327	633,286	471,205	405,316
Investments	158,450	159,857	161,699	162,378	165,000
Accounts Receivable	520,985	591,286	502,199	465,820	529,200
Grants Receivable	220,798	0	142,068	0	0
Interest Receivable	4,821	2,740	1,552	1,552	1,500
Inventory	157,286	238,963	161,589	176,700	175,000
Total Current Assets	1,777,940	1,574,173	1,602,393	1,277,655	1,276,016
Restricted Assets					
Investments	204,000	204,000	204,000	204,000	204,000
Total Restricted Assets	204,000	204,000	204,000	204,000	204,000
Utility Plant					
Land, System, Building and Equipment	13,397,224	13,734,337	18,713,746	18,812,106	19,317,106
Construction In Progress	2,205,019	4,551,450	0	0	0
Total	15,602,243	18,285,787	18,713,746	18,812,106	19,317,106
Less Accumulated Depreciation ( )	(6,540,199)	(6,856,698)	(7,254,887)	(7,665,404)	(8,503,271)
Net Fixed Assets	9,062,044	11,429,089	11,458,859	11,146,702	10,813,835
Total Assets	11,043,984	13,207,262	13,265,252	12,628,357	12,293,851
LIABILITIES					
Current Liabilities					
Accounts Payable	547,709	265,625	292,821	263,287	279,300
Accrued Wages	17,500	21,683	23,362	28,567	30,300
Other Accrued Liabilities	14,772	35,438	43,027	57,228	60,700
C.P. Long Term Debt	168,567	251,025	214,081	227,154	181,966
Customer Deposits	168,640	117,552	159,821	160,628	160,628
Accrued Interest	2,958	19,175	18,790	17,068	15,000
Compensated Absences	37,191	38,523	35,770	36,261	40,000
Total Current Liabilities	957,337	749,021	787,672	790,193	767,894
Long Term Liabilities					
Long Term Debt	1,976,033	1,707,674	1,556,903	1,329,498	910,812
Proposed KIA Loan	0	0	0	0	505,000
Total Long Term Liabilities	1,976,033	1,707,674	1,556,903	1,329,498	1,415,812
Total Liabilities	2,933,370	2,456,695	2,344,575	2,119,691	2,183,706
Retained Earnings:					
Invested in Capital Assets Net of Related Debt	6,917,444	9,470,390	9,687,875	9,590,050	9,216,057
Restricted	204,000	204,000	204,000	204,000	204,000
Unrestricted	989,170	1,076,177	1,028,802	714,616	690,088
Total Retained Earnings	8,110,614	10,750,567	10,920,677	10,508,666	10,110,145
Total Liabilities and Equities	11,043,984	13,207,262	13,265,252	12,628,357	12,293,851
Balance Sheet Analysis					
Current Ratio	1.9	2.1	2.0	1.6	1.7
Debt to Equity	0.4	0.2	0.2	0.2	0.2
Working Capital	820,603	825,152	814,721	487,462	508,122
Percent of Total Assets in Working Capital	7.4%	6.2%	6.1%	3.9%	4.1%
Days Sales in Accounts Receivable	40.7	45.3	40.8	37.3	40.0

EXHIBIT 1
CITY OF OLIVE HILL
CASH FLOW ANALYSIS (JUNE YEAR END)

	Audited	%	Audited	%	Audited	%	Audited	Projected	Projected	Projected	Projected	Projected
Operating Revenues	**2008**	**Change**	**2009**	**Change**	**2010**	**Change**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Electric	2,450,062	3%	2,531,142	2%	2,592,854	2%	2,633,566	2,633,566	2,633,566	2,633,566	2,633,566	2,633,566
Water	925,034	-3%	896,305	-4%	862,327	3%	887,489	972,126	1,154,589	1,154,589	1,154,589	1,154,589
Gas	800,971	6%	845,715	-34%	560,691	-3%	542,036	542,036	542,036	542,036	542,036	542,036
Sewer	312,737	-3%	303,788	-5%	288,115	-6%	271,563	271,563	271,563	271,563	271,563	271,563
Sanitation	188,340	0%	188,968	3%	194,128	17%	227,297	227,297	227,297	227,297	227,297	227,297
Total Revenues	4,677,144	2%	4,765,918	-6%	4,498,115	1%	4,561,951	4,646,588	4,829,051	4,829,051	4,829,051	4,829,051
Operating Expenses (excludes depreciation)												
Electric	2,406,048	0%	2,394,685	10%	2,645,944	-1%	2,620,952	2,620,952	2,620,952	2,620,952	2,620,952	2,620,952
Water	781,422	-3%	754,579	37%	1,031,407	-14%	884,003	860,523	886,339	912,929	940,317	968,527
Gas	739,102	0%	738,895	-27%	540,614	-5%	511,092	511,092	511,092	511,092	511,092	511,092
Sewer	303,928	-7%	282,387	46%	410,993	-25%	307,021	307,021	307,021	307,021	307,021	307,021
Sanitation	181,098	2%	184,034	0%	183,681	-9%	167,277	167,277	167,277	167,277	167,277	167,277
Replacement Reserve									1,300	1,300	1,300	1,300
Total Expenses	4,411,598	-1%	4,354,580	11%	4,812,639	-7%	4,490,345	4,466,865	4,493,981	4,520,571	4,547,959	4,576,169
Operating Income												
Electric	44,014		136,457		(53,090)		12,614	12,614	12,614	12,614	12,614	12,614
Water	143,612		141,726		(169,080)		3,486	111,603	268,250	241,660	214,272	186,062
Gas	61,869		106,820		20,077		30,944	30,944	30,944	30,944	30,944	30,944
Sewer	8,809		21,401		(122,878)		(35,458)	(35,458)	(35,458)	(35,458)	(35,458)	(35,458)
Sanitation	7,242		4,934		10,447		60,020	60,020	60,020	60,020	60,020	60,020
Reserve	0		0		0		0	0	(1,300)	(1,300)	(1,300)	(1,300)
Net Operating Income	265,546		411,338		(314,524)		71,606	179,723	335,070	308,480	281,092	252,882
Cash Available for Debt Service	**265,546**	**55%**	**411,338**	**-176%**	**(314,524)**	**-123%**	**71,606**	**179,723**	**335,070**	**308,480**	**281,092**	**252,882**
Debt Service (enter as positive #'s)												
Existing Principal	211,320		235,901		187,715		214,332	227,154	191,532	181,966	119,000	123,000
Existing Interest	93,407		106,585		90,004		77,550	70,735	62,329	55,813	49,308	43,283
Proposed KIA Loan									28,932	28,932	28,932	28,932
Total Debt Service	304,727		342,486		277,719		291,882	297,889	282,793	266,711	197,240	195,215
Income After Debt Service	(39,181)		68,852		(592,243)		(220,276)	(118,166)	52,277	41,769	83,852	57,667
Debt Coverage Ratio	0.9		1.2		(1.1)		0.2	0.6	1.2	1.2	1.4	1.3

2/24/2012 5:02 PM, Cashflow
K:\2 Loan Team\Fund B Loans & Grants\Projects\Olive Hill (B12-01)\Executive Summary, City of Olive Hill (B12-01).xls

ATTACHMENT

I.B.13.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B12-02) OF $220,000 TO THE CITY OF LEWISBURG, LOGAN COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Infrastructure Revolving Loan Program with the City of Lewisburg, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority intends to utilize money in the Infrastructure Revolving Fund to make the loan to the governmental agency for the aforementioned purposes; and

WHEREAS, the Authority wishes to establish terms and conditions on said Infrastructure Revolving Fund loans.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Infrastructure Revolving Fund loan commitment for $220,000 of project expense, to the City of Lewisburg for the Radio Meters project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff based on adjustment in project costs of not more than (10%) ten percent of the project cost

authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable in 20 years at an annual interest rate of 1.0% subject to determination of the tax status of the project. In addition to debt service, a 0.2% annual administration fee on the unpaid, principal balance will be charged. From annual revenues, $500 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches $5,000 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

_____
TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

_____
SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

_____
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

EXECUTIVE SUMMARY
KENTUCKY INFRASTRUCTURE AUTHORITY
FUND B, INFRASTRUCTURE
REVOLVING LOAN FUND

Reviewer:	Kasi White
Date:	March 1, 2012
KIA Loan Number:	**B12-02**
WRIS Number	**WX21141020**

BORROWER: **CITY OF LEWISBURG**
LOGAN COUNTY

BRIEF DESCRIPTION:

This project is for the replacement of all existing water meters that are approximately forty years old with radio read meters. The newer meters will provide more accurate reporting of water use throughout the system while saving approximately five days of manual meter reading time each month.

PROJECT FINANCING:		PROJECT BUDGET	
Fund B Loan	$ 220,000	Equipment	200,000
		Contingency	20,000
TOTAL	$ 220,000	TOTAL	$ 220,000

REPAYMENT				
	Rate	1.0%	Est. Annual Payment	$ 12,604
	Term	20 years	1st Payment	6 Mo. after first draw

PROFESSIONAL SERVICES		
	Engineer	n/a
	Bond Counsel	Peck, Shaffer, & Williams

PROJECT SCHEDULE	
Bid Opening:	April, 2012
Construction Start:	May, 2012
Construction Stop:	December, 2012

DEBT PER CUSTOMER		
	Existing:	$ 1,429
	Proposed:	$ 1,537

OTHER DEBT: See Attached

OTHER STATE-FUNDED PROJECTS LAST 5 YRS: See Attached

RESIDENTIAL RATES		Users	Avg. Bill	
	Current	1,032	$31.15	(for 4,000 gallons)
	Additional	0	$36.45	(for 4,000 gallons)

REGIONAL COORDINATION: This project is consistent with regional planning recommendations.

CASHFLOW	Cash Available for Debt Service	Debt Service	Income after Debt Service	Coverage Ratio
Audited 2008	163,312	127,017	36,295	1.3
Audited 2009	130,207	129,520	687	1.0
Audited 2010	80,499	124,173	(43,674)	0.6
Audited 2011	44,201	125,276	(81,075)	0.4
Projected 2012	71,978	125,054	(53,076)	0.6
Projected 2013	149,891	129,519	20,372	1.2
Projected 2014	142,966	135,985	6,981	1.1
Projected 2015	150,833	135,988	14,845	1.1
Projected 2016	143,486	135,324	8,162	1.1

Reviewer: Kasi White
Date: March 1, 2012
Loan Number: B12-02

KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND (FUND "B")
CITY OF LEWISBURG, LOGAN COUNTY
PROJECT REVIEW
WX21141020

I. PROJECT DESCRIPTION

The City of Lewisburg is requesting a Fund “B” loan in the amount of $220,000 for the Radio Read Meter Conversion project. The project is for the replacement of all existing water meters that are approximately forty years old with radio read meters. The newer meters will provide more accurate reporting of water use throughout the system while saving approximately five days of manual meter reading time each month.

The City purchases water from the Logan/Todd Regional Water Commission.

II. PROJECT BUDGET

		Total
Equipment		200,000
Contingency		20,000
Total	**$**	**220,000**

III. PROJECT FUNDING

		Amount	%
Fund B Loan	$	220,000	100%
Total	**$**	**220,000**	**100%**

IV. KIA DEBT SERVICE

Construction Loan	$	220,000
Interest Rate		1.0%
Loan Term (Years)		20
Estimated Annual Debt Service	$	12,164
Administrative Fee (0.20%)	$	440
Total Estimated Annual Debt Service	**$**	**12,604**

V. PROJECT SCHEDULE

Bid Opening	April 2012
Construction Start	May 2012
Construction Stop	December 2012

VI. RATE STRUCTURE

A. Customers

	Current
Residential	994
Commercial	37
Industrial	1
Total	1,032

B. Rates

The city last raised rates in February 2010 resulting in the below rate structure.

	City	Out of City
Minimum (2,000 gallons)	$17.45	$23.00
Next 3,000	6.85	11.75
Next 5,000	6.25	10.19
Over 10,000	5.75	7.19
Cost for 4,000 gallons	$31.15	$46.50
Affordability Index (Rate/MHI)	1.2%	1.8%

VII. DEMOGRAPHICS

In 2010, the City's population was 1,080 with a Median Household Income (MHI) of $30,588. The median household income for the Commonwealth is $41,197. The project will qualify for a 1% interest rate.

VIII. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from the audited financial statements for the years ended June 30, 2008 through 2011 for the Water Fund.

HISTORY

Revenues increased 2% from $532,576 in 2008 to $543,646 in 2011. Rates were increased in February 2010 to offset a $0.44 per thousand gallon purchased water rate increase. Customer count was flat.

Purchased water expenses increased 44% while operating expenses were flat. The purchased cost per 1,000 gallons increased 13% from $3.31 to $3.75 in January of 2010. The City has fixed a number of line leaks recently resulting in significant decrease in water purchases. Cash flow available for debt service has declined each year from $163,312 in 2008 to 44,201 in 2011 while debt service has averaged about $126,000

per year. The debt coverage ratio declined from 1.3 in 2008 to 0.4 in 2011.

The balance sheet reflects a debt to equity ratio of 1.4 and a current ratio of 6.0. Operating cash equals approximately 6.5 months of operating expenses and purchased water cost. The City maintains a depreciation fund and bond sinking fund restricted by bond ordinance. In August 2007 the City received a $906,250 legal settlement, of which $500,000 was allocated to the Water Fund. The proceeds are required to be spent for the City's Sewer Reconstruction project and Water Systems Upgrade. Substantially all of the water system's capital spending of $374,000 during the past four years was funded with proceeds from the settlement.

PROJECTIONS
Projections are based on the following assumptions:

1) Revenues will be flat for customer volume but increase 1% in 2013 for improvements from more accurate meters
2) Within 90 days of any rate adjustment of purchased water costs (currently $3.75 per thousand gallons), the city will increased the rate structure to accommodate the increase.
3) Water rates will be increased prior to July 1, 2012 by an amount sufficient to generate $80,000 in additional revenue for fiscal 2013. This increase is necessary to fund debt service and reserve funding on the proposed KIA loan ($13,154) and the operating deficit for the water fund.
4) Operating expenses will increase 3% per year.
5) Purchased water cost will decrease by $35,000 for 2012 as a due to reduced water loss from line breaks that were fixed.
6) A replacement reserve of $500 will be funded each year
7) Debt service on the proposed loan will be $12,604 annually.

Debt service coverage is 1.2 in 2013 when principal and interest repayments begin. Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund B loan.

REPLACEMENT RESERVE
The annual replacement cost is $500. This amount should be added to the replacement account each December 1 until the balance reaches $5,000 and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

	Outstanding	Maturity
Series 1989 Water System Bonds	$ 354,100	2029
Series 1990 Water System Bonds	389,000	2030
Series 1999 Water System Bonds	119,800	2038
Series 2002 Water System Bonds	445,000	2026
Series 2003 Water System Bonds	166,500	2043
Total	**$ 1,474,400**	

X. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

Project Title	Funding Source	Amount	Type
Sewer Project	HB608	200,000	Grant

XI. CONTACTS

Applicant

Name	City of Lewisburg
Address	P.O. Box 239 Lewisburg, KY 42256
County	Logan
Contact	Angela Swinney
Phone	(270) 755-4828
Email	lewisky@logantele.com

Applicant Contact

Name	Barren River Area Development District
Address	177 Graham Avenue Bowling Green, KY 42101
Contact	Chuck Noble
Phone	(270) 842-0768
Email	cnoble@bradd.org

XII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions and the following special conditions:

1) No later than April 15, 2012 KIA shall receive proof of the passage of a resolution and/or ordinance by the city implementing a rate increase that will generate additional revenues of approximately $80,000 to adequately meet all outstanding bond debt service coverage requirements as well as pay the debt service on the proposed KIA Fund B12-02 loan.
2) The city will include a provision in their rate ordinance to adjust rates within 90 days of a purchased water rate increase imposed pursuant to their water purchase contract.

CITY OF LEWISBURG WATER DEPARTMENT
BALANCE SHEETS (JUNE YEAR END)

ASSETS	Audited 2008	Audited 2009	Audited 2010	Preliminary 2011	Upon Completion 2013
Current Assets					
Cash	323,098	395,001	348,560	274,200	241,496
Accounts Receivable	66,438	71,795	67,528	66,935	77,400
Interest Receivable	2,451	3,987	618	624	0
Due from Other Funds	21,257	21,257	31,457	31,457	31,457
Prepaid Expenses	7,847	8,166	0	1,623	0
Materials and Supplies	0	0	0	6,603	0
Total Current Assets	421,091	500,206	448,163	381,442	350,353
Restricted Assets					
Depreciation Fund	163,937	174,211	185,205	199,548	220,000
Bond Sinking Fund	178,833	181,777	183,600	184,227	185,000
Deposits	77,627	0	0	0	0
Rockwell Funds	502,374	384,908	76,626	19,153	0
Total Restricted Assets	922,771	740,896	445,431	402,928	405,000
Utility Plant					
Net Fixed Assets	2,049,757	2,091,857	2,226,702	2,125,412	2,137,412
Other Assets					
Bond Issue Cost	18,144	17,136	16,128	15,120	13,104
Total Other Assets	18,144	17,136	16,128	15,120	13,104
Total Assets	3,411,763	3,350,095	3,136,424	2,924,902	2,905,869
LIABILITIES					
Current Liabilities					
Accounts Payable	24,181	25,435	26,007	38,672	35,000
Accrued Liabilities	8,608	7,703	12,168	8,139	10,000
Due to Other Funds	1,300	1,300	7,665	17,279	17,279
Total Current Liabilities	34,089	34,438	45,840	64,090	62,279
Liabilities Payable - Restricted Assets					
Construction Payable	0	2,880	0	0	0
Accrued Interest	38,893	37,655	34,377	35,402	32,000
C.P. LTD	51,438	49,600	52,200	55,500	59,000
Deposits	65,435	75,024	81,945	91,834	92,000
Deferred Revenue	502,374	382,028	76,876	19,578	0
Total Liabilities Payable - Restricted Assets	658,140	547,187	245,398	202,314	183,000
Long Term Liabilities					
Long Term Debt	1,581,343	1,526,600	1,474,400	1,418,900	1,307,200
Proposed KIA Loan	0	0	0	0	220,000
Total Long Term Liabilities	1,581,343	1,526,600	1,474,400	1,418,900	1,527,200
Total Liabilities	2,273,572	2,108,225	1,765,638	1,685,304	1,772,479
Retained Earnings:					
Invested in Capital Assets Net of Related Debt	416,976	532,793	716,229	666,132	551,212
Restricted	381,504	355,988	368,805	367,526	405,000
Unrestricted	339,711	353,089	285,752	205,940	177,178
Total Retained Earnings	1,138,191	1,241,870	1,370,786	1,239,598	1,133,390
Total Liabilities and Equities	3,411,763	3,350,095	3,136,424	2,924,902	2,905,869
Balance Sheet Analysis					
Current Ratio	12.4	14.5	9.8	6.0	5.6
Debt to Equity	2.0	1.7	1.3	1.4	1.6
Days Sales in Accounts Receivable	45.5	50.3	47.6	44.9	44.9

EXHIBIT 1											
CITY OF LEWISBURG WATER DEPARTMENT											
CASH FLOW ANALYSIS (JUNE YEAR END)											
	Audited	**%**	**Audited**	**%**	**Audited**	**%**	**Audited**	**Projected**	**Projected**	**Projected**	**Projected**
Operating Revenues	**2008**	**Change**	**2009**	**Change**	**2010**	**Change**	**2011**	**2012**	**2013**	**2014**	**2015**
Water Revenues	509,790	-2%	501,146	-1%	497,784	5%	522,624	522,624	527,850	607,800	607,800
Tap Fees	7,875	-31%	5,463	-87%	700	421%	3,650	3,650	3,687	3,687	3,687
Penalties	11,068	-8%	10,149	-2%	9,911	1%	9,970	9,970	10,070	10,070	10,070
Other	3,843	11%	4,271	111%	9,026	-18%	7,402	7,402	7,476	7,476	7,476
Additional Revenues Needed - Fund Debt									13,104		
Addt'l Revenues Needed - Fund Existing Deficit									66,846		15,000
Total Revenues	532,576	-2%	521,029	-1%	517,421	5%	543,646	543,646	629,033	629,033	644,033
Operating Expenses											
Purchased Water	197,905	5%	208,136	13%	234,766	21%	285,206	249,296	249,296	249,296	249,296
Operating Expenses	217,112	-11%	193,203	8%	208,016	5%	217,594	224,122	230,846	237,771	244,904
Depreciation	85,141	0%	85,099	9%	92,470	10%	101,289	103,000	105,000	116,000	116,000
Replacement Reserve	0		0		0		0	0	500	500	500
Total Expenses	500,158	-3%	486,438	10%	535,252	13%	604,089	576,418	585,642	603,567	610,700
Net Operating Income	32,418	7%	34,591	-152%	(17,831)	239%	(60,443)	(32,772)	43,391	25,466	33,333
Non-Operating Income and Expenses											
Interest Income	45,753	-77%	10,517	-44%	5,860	-43%	3,355	1,750	1,500	1,500	1,500
Total Non-Operating Income & Expenses	45,753	-77%	10,517	-44%	5,860	-43%	3,355	1,750	1,500	1,500	1,500
Add Non-Cash Expenses											
Depreciation	85,141	0%	85,099	9%	92,470	10%	101,289	103,000	105,000	116,000	116,000
Cash Available for Debt Service	**163,312**	**-20%**	**130,207**	**-38%**	**80,499**	**-45%**	**44,201**	**71,978**	**149,891**	**142,966**	**150,833**
Debt Service (enter as positive #'s)											
Existing Principal	47,652		51,438		49,600		52,200	55,500	56,200	59,000	61,800
Existing Interest	79,365		78,082		74,573		73,076	69,554	67,017	64,381	61,584
Proposed KIA Loan	0		0		0		0	0	6,302	12,604	12,604
Total Debt Service	127,017		129,520		124,173		125,276	125,054	129,519	135,985	135,988
Income After Debt Service	36,295		687		(43,674)		(81,075)	(53,076)	20,372	6,981	14,845
Debt Coverage Ratio	1.3		1.0		0.6		0.4	0.6	1.2	1.1	1.1
APPROXIMATE RATE INCREASE NEEDED TO PRODUCE ADDITIONAL REVENUES									**15%**		**2%**

2/27/2012 2:04 PM, Cashflow
K:\2 Loan Team\Fund B Loans & Grants\Projects\Lewisburg (B12-02)\Executive Summary, City of Lewisburg (B12-02).xls

ATTACHMENT

I.B.14.

A RESOLUTION OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AND APPROVING THE ISSUANCE OF OBLIGATIONS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY TO REIMBURSE CAPITAL EXPENDITURES MADE BY GOVERNMENTAL AGENCIES PURSUANT TO LOANS MADE BY THE KENTUCKY INFRASTRUCTURE AUTHORITY TO SUCH GOVERNMENTAL AGENCIES

WHEREAS, the Board of Directors of the Kentucky Infrastructure Authority (the "Authority") has heretofore approved the undertaking of the projects described in further detail in Exhibit A (collectively, the "Project"); and

WHEREAS, the Authority anticipates making loans to governmental agencies pursuant to the provisions of Chapter 224A of the Kentucky Revised Statutes (the "Act") for the Project and the governmental agencies may be expected to pay and/or incur costs with respect to the Project ("Prior Capital Expenditures") on or after the date of this resolution and prior to the issuance of the obligations (the "Obligations") which will finance the Project.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Kentucky Infrastructure Authority as follows:

Section 1. The Board of Directors hereby approves the use of the Obligations to finance the costs of the Project in the maximum principal amount set forth in Exhibit A plus costs of issuance related thereto and amounts required to fund a debt service reserve, if any, and declares its intent that any Prior Capital Expenditures made by the governmental agencies pursuant to loans made by the Authority will be made in anticipation of the issuance of such Obligations to reimburse said Prior Capital Expenditures. This declaration is made pursuant to Treas. Reg. ∋1.150-2.

Section 2. The Executive Director and Treasurer of the Authority are hereby authorized and directed to reimburse, not later than eighteen months after the later of (i) the date of the expenditure or (ii) the date the item was placed in service, but in any event not later than three years after the original expenditure, only those Prior Capital Expenditures made with respect to assets having a reasonably expected economic life of at least one year, and in addition, eligible preliminary expenditures paid and incurred prior to commencement of the Project.

Section 3. The Authority finds and determines that, consistent with the Authority's budgetary and financial circumstances, it does not have funds currently available and does not expect to have funds available in the future that may be allocated on a long-term basis, other than the proceeds of the Obligations, to finance the Prior Capital Expenditures.

Section 4. The Authority hereby directs the Executive Director, Secretary, and Treasurer to take the following action at the time the Prior Capital Expenditures are reimbursed from proceeds of the Obligations: (i) evidence the reimbursement on the books and records maintained with respect to the Obligations, and (ii) identify either the actual prior expenditure to be reimbursed or, in the case of reimbursement of a fund or account, the fund or account from which the expenditure was paid.

Section 5. The books, records and proceedings of the Authority with respect to this resolution shall be made reasonably available by the Authority for its inspection by the general public at the Authority's administrative office every business day during normal business hours commencing no later than 30 days after the passage of this resolution. Said books, record and proceedings of the Authority with respect to this resolution will continue to be reasonably available to the general public until the date of issuance of the Obligations.

Section 6. This Resolution shall be in full force and effect from and after its adoption.

Passed and adopted this 1st of March, 2012.

_____
TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

_____
SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

_____
PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

EXHIBIT A

APPLICANT	FUND	AMOUNT
City of Ashland	A12-11	$ 4,500,000
City of Murray	A12-12	$46,000,000
Grant County Sanitary Sewer District	A2 09-35	$ 433,178
Grant County Sanitary Sewer District	A12-13	$ 913,300
Regional Water Resource Agency	A10-13	$ 5,790,500
Regional Water Resource Agency	A12-14	$ 357,335
Regional Water Resource Agency	A12-15	$ 1,586,875
Lexington-Fayette Urban Co Gov	A12-16	$ 1,930,000
City of Olive Hill	B12-01	$ 505,000
City of Lewisburg	B12-02	$ 220,000
City of Campbellsville	F12-03	$ 1,875,000
City of Centertown	F12-05	$ 922,850
City of Sturgis	F12-06	$ 3,000,000

FUNDS A, A2, B, B1, B2, C, F, F2

KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND ---- (FUND A)

AVAILABLE FUNDS FFY 1989:	
FEDERAL TITLE VI GRANT FUNDS	$33,237,382
UNUSED TITLE II GRANT FUNDS	$5,873,998
BOND PROCEEDS (20%)	$7,822,276
ADMINISTRATION (4%)	($1,564,455)
NET 89 SRF FUNDS	$45,369,201
AVAILABLE FUNDS FFY 1990:	
FEDERAL TITLE VI GRANT FUNDS	$17,798,449
BOND PROCEEDS (20%)	$3,559,690
ADMINISTRATION (4%)	($711,938)
NET 90 SRF FUNDS	$20,646,201
AVAILABLE FUNDS FFY 1991:	
FEDERAL TITLE VI GRANT FUNDS	$31,258,282
BOND PROCEEDS (20%)	$6,251,656
ADMINISTRATION (4%)	($1,250,331)
NET 91 SRF FUNDS	$36,259,607
AVAILABLE FUNDS FFY 1992:	
FEDERAL TITLE VI GRANT FUNDS	$25,429,111
BOND PROCEEDS (20%)	$5,085,822
ADMINISTRATION (4%)	($1,017,164)
NET 92 SRF FUNDS	$29,497,769
AVAILABLE FUNDS FFY 1993:	
FEDERAL TITLE VI GRANT FUNDS	$24,462,603
BOND PROCEEDS (20%)	$4,892,521
ADMINISTRATION (4%)	($978,504)
NET 93 SRF FUNDS	$28,376,620
AVAILABLE FUNDS FFY 1994:	
FEDERAL TITLE VI GRANT FUNDS	$15,178,779
BOND PROCEEDS (20%)	$3,035,756
ADMINISTRATION (4%)	($607,151)
NET 94 SRF FUNDS	$17,607,384
AVAILABLE FUNDS FFY 1995:	
FEDERAL TITLE VI GRANT FUNDS	$15,676,353
BOND PROCEEDS (20%)	$3,135,271
ADMINISTRATION (4%)	($627,054)
NET 95 SRF FUNDS	$18,184,570
AVAILABLE FUNDS FFY 1996:	
FEDERAL TITLE VI GRANT FUNDS	$25,678,432
BOND PROCEEDS (20%)	$5,135,686
ADMINISTRATION (4%)	($1,027,137)
NET 96 SRF FUNDS	$29,786,981
ADDITIONAL FUNDS FFY 1997:	
FEDERAL TITLE VI GRANT FUNDS	$7,912,200
BOND PROCEEDS (20%)	$1,582,440
ADMINISTRATION (4%)	($316,488)
NET ADD'L 97 SRF FUNDS	$9,178,152
AVAILABLE FUNDS FFY 1998:	
FEDERAL TITLE VI GRANT FUNDS	$17,138,187
BOND PROCEEDS (20%)	$3,427,637
ADMINISTRATION (4%)	($685,527)
NET 98 SRF FUNDS	$19,880,297
AVAILABLE FUNDS FFY 1999:	
FEDERAL TITLE VI GRANT FUNDS	$17,139,573
BOND PROCEEDS (20%)	$3,427,914
ADMINISTRATION (4%)	($685,582)
NET 98 SRF FUNDS	$19,881,905
AVAILABLE FUNDS FFY 2000:	
FEDERAL TITLE VI GRANT FUNDS	$17,081,460
BOND PROCEEDS (20%)	$3,416,292
ADMINISTRATION (4%)	($683,258)
NET 00 SRF FUNDS	$19,814,494

AVAILABLE FUNDS FFY 2001:	
FEDERAL TITLE VI GRANT FUNDS	$16,929,594
BOND PROCEEDS (20%)	$3,385,919
ADMINISTRATION (4%)	($677,184)
NET 01 SRF FUNDS	$19,638,329
AVAILABLE FUNDS FFY 2002:	
FEDERAL TITLE VI GRANT FUNDS	$16,967,313
BOND PROCEEDS (20%)	$3,393,463
ADMINISTRATION (4%)	($678,692)
NET 02 SRF FUNDS	$19,682,084
AVAILABLE FUNDS FFY2003:	
FEDERAL TITLE VI GRANT FUNDS	$16,857,027
BOND PROCEEDS (20%)	$3,371,405
ADMINISTRATION (4%)	($674,281)
NET 03 SRF FUNDS	$19,554,151
AVAILABLE FUNDS FFY2004:	
FEDERAL TITLE VI GRANT FUNDS	$16,867,224
BOND PROCEEDS (20%)	$3,373,445
ADMINISTRATION (4%)	($674,688)
NET 04 SRF FUNDS	$19,565,981
AVAILABLE FUNDS FFY2005:	
FEDERAL TITLE VI GRANT FUNDS	$13,714,668
BOND PROCEEDS (20%)	$2,742,934
ADMINISTRATION (4%)	($548,586)
NET 05 SRF FUNDS	$15,909,016
AVAILABLE FUNDS FFY2006:	
FEDERAL TITLE VI GRANT FUNDS	$11,145,123
BOND PROCEEDS (20%)	$2,229,025
ADMINISTRATION (4%)	($445,804)
NET 06 SRF FUNDS	$12,928,344
AVAILABLE FUNDS FFY2007:	
FEDERAL TITLE VI GRANT FUNDS	$13,621,905
BOND PROCEEDS (20%)	$2,724,381
ADMINISTRATION (4%)	($544,876)
NET 07 SRF FUNDS	$15,801,410
AVAILABLE FUNDS FFY2008:	
FEDERAL TITLE VI GRANT FUNDS	$8,648,100
BOND PROCEEDS (20%)	$1,729,620
ADMINISTRATION (4%)	($345,924)
NET 08 SRF FUNDS	$10,031,796
AVAILABLE FUNDS FFY2009:	
FEDERAL TITLE VI GRANT FUNDS	$8,648,100
BOND PROCEEDS (20%)	$1,729,620
ADMINISTRATION (4%)	($345,924)
NET 09 SRF FUNDS	$10,031,796
AVAILABLE FUNDS FFY2010:	
FEDERAL TITLE VI GRANT FUNDS	$25,932,000
BOND PROCEEDS (20%)	$5,186,400
ADMINISTRATION (4%)	($1,037,280)
NET 09 SRF FUNDS	$30,081,120
AVAILABLE FUNDS FFY2011:	
FEDERAL TITLE VI GRANT FUNDS	$18,794,000
BOND PROCEEDS (20%)	$3,758,800
ADMINISTRATION (4%)	($751,760)
NET 09 SRF FUNDS	$21,801,040
NET FY 1989-2011 SRF FUNDS	**$489,508,248**
CURRENT REVOLVING/SURPLUS FUND BALA	**$252,509,935**
2010 A - Leverage - Balance	**$0**
Balance Available for Loan	**$3,271,724**

		TOTAL PROJECT AMOUNT	KIA LOAN AMOUNT		DATE APPROVED	
	PROJECTS APPROVED IN SFY 1989:					
1	PIKEVILLE, CITY OF (1)	$3,047,285	$3,199,217	(c)	05-03-89	(AMD. 11-19-90 & 9-16-91)
2	MANCHESTER, CITY OF	$4,451,803	$2,209,119	(c)	5-03-89	
3	JENKINS, CITY OF	$2,724,307	$1,654,780	(c)	5-03-89	
	TOTALS	**$10,223,395**	**$7,063,116**			
	PROJECTS APPROVED IN SFY 1990:					
4	MT. WASHINGTON, CITY OF	$1,957,322	$908,187	(c)	8-07-89	
5	MAYFIELD, CITY OF	$4,067,194	$3,425,343	(c)	8-07-89	(AMD. 8-16-90)
6	DANVILLE, CITY OF	$634,900	$418,055	(c)	8-07-89; 70/7/04	Assumed from Perryville
7	JACKSON, CITY OF (1)	$3,241,350	$1,606,068	(c)	9-27-89	(AMD. 11-12-92)
8	SOUTH SHORE, CITY OF	$2,982,085	$2,031,315	(c)	12-13-89	(AMD. 6-20-91)
	TOTALS	**$12,882,851**	**$8,388,968**			
	PROJECTS APPROVED IN SFY 1991:					
9	LEWISBURG, CITY OF	$751,974	$667,388	(c)	8-16-90	
10	PROVIDENCE, CITY OF (1)	$3,803,625	$2,828,680	(c)	8-16-90	
11	PROVIDENCE, CITY OF (2)	$820,069	$820,069	(c)	8-16-90	
12	CAMPTON, CITY OF	$669,615	$367,641	(c)	8-16-90	(AMD. 11-19-90)
13	BOWLING GREEN, CITY OF (1)	$9,459,163	$6,570,011	(c)	11-19-90	
14	BOWLING GREEN, CITY OF (2)	$2,616,756	$2,616,756	(c)	11-19-90	
15	ELIZABETHTOWN, CITY OF	$9,851,000	$9,226,158	(c)	1-31-91	
16	PINEVILLE, CITY OF (1)	$3,169,900	$2,293,544	(c)	3-28-91	(AMD. 11-12-92 & 12-1-93)
17	BUTLER, CITY OF	$373,850	$187,950	(c)	3-28-91	
18	LONDON, CITY OF	$7,148,495	$6,305,753	(c)	6-20-91	
	TOTALS	**$38,664,447**	**$31,883,950**			
	PROJECTS APPROVED IN SFY 1992:					
19	BOYD COUNTY FISCAL COURT	$3,789,000	$2,237,342	(c)	7-24-91	
20	WILLIAMSBURG, CITY OF	$1,024,110	$931,344	(c)	9-16-91	
21	GREENUP, CITY OF	$453,800	$442,739	(c)	9-16-91	(AMD. 1-23-93)
22	GEORGETOWN, CITY OF	$6,009,300	$6,119,705	(c)	9-16-91	
23	STANFORD, CITY OF	$1,177,312	$685,289	(c)	9-16-91	
24	HICKMAN, CITY OF	$2,641,171	$1,779,494	(c)	9-18-91	(AMD. 11-12-92)
25	BRANDENBURG, CITY OF	$2,091,294	$1,802,290	(c)	11-01-91	(AMD. 5-13-92)
26	MIDDLESBORO, CITY OF	$832,085	$175,785	(c)	11-01-91	
27	CAMPBELL/KENTON S.D. (MELBOURNE)	$1,196,365	$773,156	(c)	11-01-91	(AMD. 9-10-92)
28	MURRAY, CITY OF	$5,121,690	$5,161,272	(c)	11-01-91	
29	CUMBERLAND, CITY OF	$1,366,700	$680,417	(c)	12-04-91	
30	WHEELWRIGHT, CITY OF	$971,000	$361,675	(c)	12-04-91	
31	EMINENCE, CITY OF	$4,071,300	$1,328,600	(c)	2-25-92	(REAP. 2-16-94)
32	PADUCAH-MCCRACKEN JOINT SEWER AGENCY	$1,889,950	$1,495,501	(c)	5-13-92	(ASSUMED FROM REIDLAND)
33	FLEMINGSBURG, CITY OF	$1,128,194	$1,142,183	(c)	5-13-92	
34	WEBSTER COUNTY FISCAL COURT	$3,211,937	$2,378,237	(c)	5-13-92	(REAP. 9-27-94)
	TOTALS	**$36,975,208**	**$27,495,029**			
	PROJECTS APPROVED IN SFY 1993:					
35	FRANKLIN, CITY OF (1)	$497,979	$497,979	(c)	9-10-92	AMD.
36	CORINTH, CITY OF	$1,089,866	$200,766	(c)	11-12-92	
37	PLEASUREVILLE, CITY OF	$2,976,200	$785,200	(c)	11-12-92	(AMD. 3-31-95)
38	HOPKINSVILLE, CITY OF (1)	$9,845,968	$9,693,741	(c)	12-17-92	(AMD. 9-1-94)
39	MARTIN, CITY OF	$2,295,847	$579,212	(c)	12-17-92	
40	OLIVE HILL, CITY OF	$3,245,120	$2,426,003	(c)	01-29-93	(AMD 10/6/05)
41	NICHOLASVILLE PUBLIC UTILITIES	$16,340,413	$15,740,449	(c)	05-05-93	(REAP. 3-31-95)(AMD.12-18-98)
	TOTALS	**$36,291,393**	**$29,923,350**			
	PROJECTS APPROVED IN SFY 1994:					
42	PINEVILLE, CITY OF (2)	$940,000	$418,542	(c)	07-07-93	(REAP. 3-31-95)
43	IRVINE, CITY OF	$2,883,563	$1,658,248	(c)	08-31-93	(REAP. 3-31-95 & AMD. 8-29-96)
44	BENHAM, CITY OF	$1,916,066	$853,191	(c)	08-31-93	(REAP. 3-31-95)
45	PRINCETON, CITY OF (Part 1)	$3,722,362	$2,365,520	(c)	12-01-93	(REAP. 5-30-95)
46	PRINCETON, CITY OF (Part 2)	$1,045,618	$597,712	(c)	12-01-93	(REAP. 5-30-95)
47	HOPKINSVILLE, CITY OF	$885,720	$646,748	(c)	02-16-94; 4-7-11	(REAP. 8-30-95) Assumed from Crofton
48	LEDBETTER SANITATION DISTRICT #1	$4,767,980	$3,624,359	(c)	05-11-94	(AMD.5-30-95)(AMD.7-13-98)
49	HAZARD, CITY OF	$7,746,540	$6,511,067	(c)	05-11-94	
50	SHELBY COUNTY SANITATION DISTRICT #1	$2,100,000	$1,402,737	(c)	05-11-94	(Assumed from Shelby Co SD #1
51	LAGRANGE, CITY OF	$898,515	$832,777	(c)	06-29-94	(AMD. 7-17-95)
52	MADISONVILLE, CITY OF	$15,713,000	$15,552,994	(c)	06-29-94	
53	DAWSON SPRINGS, CITY OF	$846,480	$816,170	(c)	06-29-94	
54	CATLETTSBURG, CITY OF	$5,678,656	$3,200,000	(s)	06-29-94	(REAP. 12-5-95)(AMD.12-4-96)
	TOTALS	**$49,144,500**	**$38,480,065**			

		TOTAL PROJECT AMOUNT	KIA AMOUNT		DATE APPROVED	
	PROJECTS APPROVED IN SFY 1995:					
55	HOPKINSVILLE, CITY OF	$401,000	$240,264	(c)	08-30-94; 4-7-11	Assumed from Pembroke
56	MT. STERLING, CITY OF	$1,110,540	$1,055,969	(c)	08-30-94	
57	WEST LIBERTY, CITY OF	$737,972	$329,764	(c)	08-30-94	(AMD. 2-26-96)
58	MT. VERNON, CITY OF	$998,650	$652,162	(c)	08-30-94	(REAP. 2-26-96) (REAP.3-6-97)
59	WORTHINGTON, CITY OF	$790,000	$388,332	(c)	08-30-94	
60	SOMERSET, CITY OF	$2,759,200	$2,631,067	(c)	08-30-94	
61	PERRY COUNTY S.D. #1	$845,790	$601,673	(c)	08-30-94	(AMD. 6/1/97)
62	BOYD COUNTY (PHASE II)	$6,990,000	$6,270,000	(s)	09-27-94	(AMD. 2-2-95)(AMD 12-10-99)
63	FRANKLIN, CITY OF (2)	$2,600,080	$2,572,240	(c)	09-27-94	
64	BRODHEAD, CITY OF	$899,411	$502,650	(c)	11-29-94	
65	NEWPORT, CITY OF	$1,759,645	$1,596,327	(c)	11-29-94	(AMD. 8-29-96)
66	PIKEVILLE, CITY OF (2)	$3,466,413	$2,134,015	(c)	11-29-94	(AMD. 8-30-95)
67	PADUCAH-MCCRACKEN JOINT SEWER AGENCY	$3,798,069	$3,516,117	(c)	11-29-94	(AMD.6-19-97)(ASSUMED FROM REIDLAND)
68	HOPKINSVILLE, CITY OF (2)	$3,715,533	$3,191,098	(c)	02-02-95	
69	JENKINS, CITY OF (2)	$719,755	$719,755	(c)	02-02-95	
70	RUSSELL, CITY OF	$244,730	$71,666	(c)	02-02-95	
71	LEBANON, CITY OF	$6,491,336	$5,805,838	(c)	03-31-95	
72	REGIONAL WATER RESOURCE AGENCY (O'BORO)	$11,885,276	$7,160,493	(c)	03-31-95	
73	MOREHEAD, CITY OF (RCSD)	$3,347,424	$3,130,152	(c)	03-31-95	(Assumed from RCSD)
74	GREENUP CO. ENVIRONMENTAL COMMISSION	$3,798,920	$3,370,168	(c)	5-30-95	(AMD. 3/16/99)
75	BOYD / GREENUP SANITATION DISTRICT #1	$391,116	$371,573	(c)	5-30-95	
76	PIKEVILLE, CITY OF	$1,953,260	$462,584	(c)	5-30-95; 3/2/06	Assumed from Mtn WD
	TOTALS	**$59,704,120**	**$46,773,907**			
	PROJECTS APPROVED IN SFY 1996:					
	NONE	$0	$0			
	TOTALS	**$0**	**$0**			
	PROJECTS APPROVED IN SFY 1997:					
77	HARLAN, CITY OF	$6,053,575	$2,546,299	(c)	7-18-96	(REAP. 4-27-98)
78	HAWESVILLE, CITY OF	$871,000	$435,000	(c)	7-18-96	
79	EMINENCE, CITY OF	$1,381,339	$945,408	(c)	7-18-96	
80	SCOTTSVILLE, CITY OF	$4,608,815	$3,959,472	(c)	7-18-96	
81	ELKHORN CITY, CITY OF	$926,726	$926,726	(c)	7-18-96	(AMD 4-1-98)
82	GRAYSON, CITY OF	$3,635,970	$3,424,567	(s)	7-18-96	(AMD. 9-1-98)
83	MOREHEAD, CITY OF	$2,357,176	$781,381	(c)	7-18-96	
84	JACKSON, CITY OF	$719,287	$681,983	(c)	8-29-96	
85	LAWRENCE, COUNTY OF	$1,566,000	$868,219	(c)	3-6-97	(AMD 11/1/01)
86	GREENUP CO. ENVIRONMENTAL COMMISSION	$2,368,793	$2,331,195	(c)	3-6-97	
87	HARDIN CO WATER DISTRICT 1	$4,846,450	$4,809,652	(c)	6-19-97; 3/6/08	Assumed from Radcliff
88	WARREN COUNTY WATER DISTRICT (1)	$1,082,400	$980,781	(c)	6-19-97	
		$30,417,531	**$22,690,683**			
	PROJECTS APPROVED IN SFY 1998:					
89	CRESTWOOD, CITY OF	$351,516	$351,516	(c)	8-14-97; 3/2/06	(A1) Assump. fell through
90	PARIS, CITY OF	$723,734	$402,667	(c)	11-10-97	(A1)
91	LEWISPORT, CITY OF	$2,279,000	$1,074,308	(c)	11-10-97	
92	MAYSVILLE, CITY OF	$12,538,828	$11,722,252	(c)	2-26-98	
93	WARREN COUNTY WATER DISTRICT (2)	$265,000	$253,057	(c)	2-26-98	
94	PRESTONSBURG, CITY OF	$4,392,500	$919,183	(s)	2-26-98	
95	CRESTWOOD, CITY OF	$10,358,404	$6,146,750	(+)	4-27-98; 3/2/06	Assump. fell through
	TOTALS	**$30,908,982**	**$20,869,733**			
	PROJECTS APPROVED IN SFY 1999:					
96	PARIS, CITY OF	$7,528,385	$5,943,287	(c)	9-1-98	
97	MIDWAY, CITY OF	$282,250	$141,125	(c)	10-13-98	(A1)
98	MAYFIELD, CITY OF	$1,401,962	$1,160,472	(c)	10-13-98	
99	WURTLAND, CITY OF	$125,900	$103,950	(c)	12-18-98	(A1)
100	DANVILLE, CITY OF	$7,712,132	$7,615,106	(c)	12-18-98	(AMD 01/8/04)
101	LEWIS COUNTY SANITATION DIST NO. 1	$2,924,800	$620,001	(c)	04-27-99	AMD 10/7/99
	TOTALS	**$19,975,429**	**$15,583,941**			
	PROJECTS APPROVED IN SFY 2000:					
102	MOREHEAD, CITY OF	$1,100,372	$279,000	(c)	09-01-99	
103	HOPKINSVILLE, CITY OF	$889,478	$834,891	(c)	09-01-99	AMD 6/8/00
104	RWRA-OWENSBORO	$26,264,248	$25,963,257	(c)	12/10/99	AMD 6/2/05
105	SOUTH SHORE, CITY OF	$502,790	$188,849	(c)	12/10/99	
106	MOREHEAD, CITY OF	$592,695	$257,300	(c)	4/4/00	
107	MIDWAY, CITY OF	$4,337,596	$702,589	(c)	6/6/2000	
	TOTALS	**$33,687,179**	**$28,225,886**			

		TOTAL PROJECT AMOUNT	KIA AMOUNT		DATE APPROVED	
	PROJECTS APPROVED IN SFY 2001:					
108	PIKEVILLE, CITY OF	$1,205,484	$1,116,574	(c)	07/18/2000; 5/16/01 9/6/01; 3/2/06	Assumed from Mtn WD
109	WURTLAND, CITY OF	$1,717,540	$1,561,400	(c)	07/18/00	AMD 9/29/00
110	LEITCHFIELD, CITY OF	$6,146,196	$5,355,560	(c)	8/29/00	
111	CLOVERPORT, CITY OF	$57,500	$57,500	(c)	11/22/00	(A1)
112	WHITE PLAINS, CITY OF	$2,250,400	$669,700	(c)	12/21/00	
113	MANCHESTER, CITY OF	$5,060,376	$1,053,589	(c)	1/25/01	
114	ARLINGTON, CITY OF	$677,333	$167,567	(c)	6/7/01	
	TOTALS	**$17,114,829**	**$9,981,890**			
	PROJECTS APPROVED IN SFY2002:					
115	CARROLLTON, CITY OF	$6,997,101	$2,518,301	(c)	8/9/01	AMD 9/6/01
116	MT. STERLING WAT & SEW COMMISSION	$13,908,185	$11,936,783	(c)	2/7/02	
117	SHEPHERDSVILLE, CITY OF	$9,976,728	$7,581,466	(c)	2/7/02	
118	MARION, CITY OF	$312,715	$312,715	(c)	3/7/02	(A1) AMD 1/9/03
119	GREENVILLE, CITY OF	$2,242,571	$2,223,347	(c)	3/7/02	
120	LEBANON JUNCTION, CITY OF	$2,898,419	$1,813,385	(c)	4/4/02	AMD 7/1/05
121	HARRODSBURG, CITY OF	$4,418,916	$3,314,760	(c)	5/2/02	
122	WURTLAND, CITY OF	$1,782,900	$1,782,872	(c)	6/6/02	
	TOTALS	**$42,537,535**	**$31,483,629**			
	PROJECTS APPROVED IN SFY 2003					
123	SALYERSVILLE, CITY OF	$7,662,832	$2,035,486	(c)	8/15/02	AMD 9/19/03
124	LONDON, CITY OF	$15,262,069	$9,864,503	(c)	10/3/02	
125	Paducah McCracken Joint Sewer Agency	$1,497,900	$1,382,413	(c)	2/6/03	
126	Boyd & Greenup Co Sanitation Dist #1	$849,503	$694,844	(c)	5/1/03	
	TOTALS	**$25,272,304**	**$13,977,246**			
	PROJECTS APPROVED IN SFY 2004					
127	HOPKINSVILLE, CITY OF	$4,979,920	$4,682,517	(c)	8/7/03	
128	MOUNTAIN WATER DISTRICT	$729,158	$184,695	(c)	9/4/03	
129	BENTON, CITY OF	$1,823,194	$293,902	(c)	12/4/03; 10/7/04	
130	PADUCAH-MCCRACKEN JSA	$1,401,000	$1,229,425	(c)	12/4/03	
131	MARION, CITY OF	$1,775,704	$515,296	(c)	3/4/04	
132	MOREHEAD, CITY OF	$11,233,204	$7,189,123	(c)	3/4/04; AMD 11/05	
133	PADUCAH-MCCRACKEN JSA	$1,040,275	$908,403	(c)	3/4/04	
134	JESSAMINE-SOUTH ELKHORN WAT DIST	$298,200	$196,861	(c)	4/1/04	(A1)
135	BEREA, CITY OF	$9,011,045	$5,000,000	(c)	4/1/04; 1/6/05	
136	HOPKINSVILLE WATER ENV AUTH	$2,469,924	$2,469,924		05/06/04; 3/2/06	
137	SOUTHERN WAT & SEW DIST	$3,750,000	$68,037	(c)	05/06/04	
	TOTALS	**$38,511,624**	**$22,738,183**			
	PROJECTS APPROVED IN SFY 2005					
138	LAWRENCEBURG, CITY OF	$8,319,703	$7,889,974	(c)	7/1/04	
139	LORETTO, CITY OF	$5,563,468	$2,245,865	(c)	7/1/04; 9/14/05	
140	SANITATION DISTRICT #1	$39,028,077	$32,401,491	(c)	8/5/04; 10/1/06	
141	HODGENVILLE, CITY OF	$2,639,104	$968,539	(c)	10/7/04	
142	CARROLLTON, CITY OF	$10,870,148	$4,288,600	(c)	5/5/05	
143	WINCHESTER MUNICIPAL UTILITIES	$23,212,000	$21,000,000		6/23/05	
	TOTALS	**$89,632,500**	**$68,794,469**			
	PROJECTS APPROVED IN SFY 2006					
144	ALEXANDRIA, CITY OF	$2,535,785	$426,220	(c)	7/7/05	
145	PAINTSVILLE, CITY OF	$954,415	$429,715	(c)	10/6/05	
146	CYNTHIANA, CITY OF	$10,902,650	$5,671,622	(c)	12/1/05	
147	WESTERN MASON SD	$4,644,000	$802,000	(c)	12/1/05	
148	LEDBETTER WATER DISTRICT	$3,326,078	$2,326,078		3/2/06	
149	RICHMOND, CITY OF	$2,152,200	$2,152,200		6/1/06	
	TOTALS	**$24,515,128**	**$11,807,835**			

		TOTAL PROJECT AMOUNT	KIA AMOUNT		DATE APPROVED	
	PROJECTS APPROVED IN SFY 2007					
150	REGIONAL WAT RES AGENCY	$9,405,000	$7,196,879	(c)	7/13/06	
151	N MADISON CO SD	$1,925,000	$307,952	(c)	8/3/06	
152	BOYD CO SANITATION DIST #2	$1,918,000	$666,811	(c)	10/5/06	
153	N MADISON CO SD	$12,736,123	$8,104,622	(c)	10/5/06; 12/7/06	
154	OHIO CO REG WASTEWATER DIST	$15,940,000	$6,607,612		11/2/06	
155	CITY OF NICHOLASVILLE	$12,459,352	$12,053,913	(c)	12/7/06; 4/1/09	
156	CITY OF BOWLING GREEN	$5,155,190	$5,130,100	(c)	12/7/06	
157	CITY OF BEAVER DAM	$1,311,900	$597,921	(c)	6/21/07	
158	CITY OF FALMOUTH	$5,619,316	$2,812,236	(c)	6/21/07	
	TOTAL	**$66,469,881**	**$43,478,046**			
	PROJECTS APPROVED IN SFY 2008					
159	CITY OF BARLOW	$169,500	$168,954	(c)	9/6/07	(A1)
160	CITY OF WHITESBURG	$7,474,000	$1,040,900		9/6/07	
161	CITY OF OWENSBORO	$24,531,634	$22,900,578		10/4/07	
162	CITY OF ALEXANDRIA	$316,441	$186,073	(c)	11/1/07	
163	CITY OF MURRAY	$1,469,778	$1,227,741	(c)	11/1/07	
164	CITY OF RICHMOND	$57,843,022	$54,690,822		11/1/07	
165	REGIONAL WATER RESOURCE AGENCY	$1,709,375	$1,425,488	(c)	11/1/07	
166	Paducah McCracken JSA	$4,146,560	$1,600,000		2/7/08	
167	Bowling Green, City of	$54,235,960	$54,235,960		4/3/08; 11/12/09; 8/4/11	
168	Sanitation District #1	$83,147,554	$70,000,000		4/3/08; 6/4/09	
169	Elizabethtown, City of	$21,192,000	$21,192,000		4/3/08	
170	Nicholasville, City of	$9,554,625	$7,494,225		4/3/08	
171	Somerset, City of	$14,897,000	$8,477,690		4/3/08	
172	Williamstown, City of	$18,748,000	$17,848,000		6/2/08	
	TOTAL	**$299,435,449**	**$262,488,430**			
	PROJECTS APPROVED IN SFY 2009					
173	Hopkinsville, City of	$4,916,100			9/4/08; withdrawn 5/11/10	
174	Lexington-Fayette Urban County Govt	$18,354,000	$17,208,000		1/8/09	
175	Paducah McCracken JSA	$14,323,800	$10,000,000		4/9/09	
176	Mt Washington, City of	$15,000,000	$9,500,000		5/7/09; 9/1/10	
177	Sanitation District #1	$5,802,300	$4,920,300		6/4/09; 6/30/11	
178	Sanitation District #1	$7,062,000	$5,459,988	(c)	6/4/09	
179	Sanitation District #1	$20,108,000	$15,230,000		6/4/09	
180	Sanitation District #1	$6,968,000	$5,768,000		6/4/09	
181	Sanitation District #1	$3,287,000	$2,470,000		6/4/09	
182	Sanitation District #1	$12,065,000	$9,900,000		6/4/09	
	TOTAL	**$107,886,200**	**$80,456,288**			
	PROJECTS APPROVED IN SFY 2010					
183	Kentucky Horse Park	$1,950,000	$1,000,000		8/6/09	
184	Maysville, City of	$11,000,000	$11,000,000		9/3/09	
185	Prestonsburg, City of	$272,000	$272,000		10/1/09; 2/4/10	
186	Prestonsburg, City of	$786,000	$786,000		10/1/09; 2/4/10	
187	Louisville & Jefferson Co. Metro. Sewer Dist.	$4,847,095	$0		10/1/09	withdrawn 10/12/10
188	Hopkinsville, City of	$7,500,000	$7,500,000		11/12/09	
189	Hardinsburg, City of	$550,000	$550,000		11/12/09	
190	Princeton, City of	$2,475,000	$683,354	(c)	12/3/09; 2/4/10	
191	Ashland, City of	$7,720,231	$7,709,331		1/7/10; 2/3/11	
192	Winchester, City of	$37,000,000	$36,600,000		2/4/10	
193	Prestonsburg, City of	$4,530,405	$1,860,405		2/4/10	
194	Oldham Co Env Auth - SX21185017	$2,400,000	$2,400,000		5/6/10; 7/7/11	
195	Oldham Co Env Auth - SX21185029	$1,477,000	$1,000,000		5/6/10; 1/5/12	
196	Oldham Co Env Auth - SX21185024	$2,123,000	$2,123,000		5/6/10;1/5/12	
197	Lexington Fayette Urban County Government	$10,500,000	$10,500,000		6/3/10; 10/14/10	
198	Lexington Fayette Urban County Government	$7,028,375	$0		6/3/10; 10/14/10	withdrawn 1/31/12
	Total	**$102,159,106**	**$83,984,090**			

		TOTAL PROJECT AMOUNT	KIA AMOUNT	DATE APPROVED
	PROJECTS APPROVED IN SFY 2011			
199	Oldham Env Auth - SX21185028	$500,000	$250,000	7/1/10;1/5/12
200	Sanitation District #1 SX21117126	$19,935,700	$17,146,500	7/1/10
202	Bardstown, City of SX21179019	$1,980,000	$1,980,000	12/9/10; 6/10/11
203	LaCenter, City of SX21007015	$895,000	$895,000	12/9/10
204	Livermore, City of SX21049008	$2,105,000	$1,105,000	12/9/10
205	Morehead, City of SX21205034	$3,000,000	$3,000,000	12/9/10
206	***Regional Water Resource Agency***	***$6,085,000***	***$5,790,000***	***12/9/10;3/1/12***
207	Campton, City of	$3,217,200	$1,400,000	2/3/11
208	Hardinsburg, City of	$400,000	$400,000	2/3/11
209	Louisa, City of	$2,058,580	$1,400,000	2/3/11
210	Flemingsburg, City of	$8,906,000	$8,906,000	3/3/11
211	Louisville-Jefferson Co MSD	$3,400,000	$3,400,000	3/3/11
212	Vanceburg, City of	$3,400,000	$2,000,000	3/3/11
213	Williamsburg, City of	$1,035,517	$1,035,517	3/3/11
214	Hopkinsville, City of	$500,000	$500,000	4/7/11
215	Hopkinsville, City of	$26,641,000	$26,641,000	4/7/11
216	Hopkinsville, City of	$7,300,000	$7,100,000	4/7/11
217	Pineville, City of	$500,000	$500,000	5/5/11
218	Sanitation District #1	$17,225,660	$14,188,155	5/5/11
219	Sanitation District #1	$19,000,000	$15,187,500	5/5/11
220	Sanitation District #1	$9,572,000	$7,778,000	5/5/11
221	West Liberty, City of	$3,937,950	$3,937,950	5/5/11
	Total	**$141,594,607**	**$124,540,622**	
	PROJECTS APPROVED IN SFY 2012			
223	Oldham Co Env Authority	$400,000	$400,000	7/7/11
224	Southern Water & Sewer	$2,505,944	$850,000	8/4/11
225	Hodgenville, City of	$1,635,000	$1,635,000	11/10/11
226	Burkesville, City of	$1,000,000	$1,000,000	11/10/11
227	Bloomfield, City of	$4,370,635	$2,195,635	11/10/11
228	Harrodsburg, City of	$418,500	$418,500	12/8/11
229	Grant Co Sanitary SD	$1,226,700	$1,161,700	1/5/12
230	Barbourville, City of	$5,651,270	$5,651,270	2/2/12
232	Sanitation District #1 of Northern Ky	$1,001,717	$851,857	2/2/12
233	Sanitation District #1 of Northern Ky	$1,152,200	$959,000	2/2/12
234	Winchester, City of	$1,010,000	$1,000,000	2/2/12
235	Harrodsburg, City of	$1,157,000	$706,000	2/2/12
236	Jamestown, City of	$2,500,000	$2,500,000	2/2/12
237	Paducah McCracken County JSA	$8,400,000	$8,000,000	2/2/12
238	***Ashland, City of***	***$4,500,000***	***$4,500,000***	***3/1/12***
239	***Murray, City of***	***$46,000,000***	***$46,000,000***	***3/1/12***
240	***Grant Co Sanitary SD***	***$913,300***	***$913,300***	***3/1/12***
241	***Lexington-Fayette Urban County Governm***	***$2,530,000***	***$1,930,000***	***3/1/12***
242	***Regional Water Resource Agency***	***$619,070***	***$357,335***	***3/1/12***
243	***Regional Water Resource Agency***	***$1,802,125***	***$1,586,875***	***3/1/12***
	Total	**$88,793,461**	**$82,616,472**	
	GRAND TOTALS - COMMITMENTS	**$1,402,797,659**	**$1,113,725,829**	

bold, italics - pending board approval

(c) - Final amounts; Loan has been closed

(s) - Amount represented in the assistance agreement

(A1) - Planning and Design Loan

(+)-Const Amt; AA amnt represents Const + Plan & Design

KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND ---- (FUND A2)
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

AVAILABLE FUNDS FFY 2009:

FEDERAL ARRA GRANT FUNDS	$49,878,100
ADMINISTRATION (4%)	($1,995,124)
NET ARRA FUNDS	$47,882,976

		TOTAL PROJECT AMOUNT	KIA AMOUNT		FIRST USE FUNDS	DATE APPROVED	
	PROJECTS APPROVED IN SFY 2009:						
1	Sanitation District #1	$395,000	$395,000	(c)	$395,000	6/4/09	
2	Sanitation District #1	$1,755,545	$1,371,545		$1,371,545	6/4/09; 1/7/10; 1/25/10	
3	Sanitation District #1	$1,578,539	$1,578,539		$1,578,539	6/4/09	
4	Sanitation District #1	$834,241	$834,241		$834,241	6/4/09	
5	Lexington Fayette Urban Co Govt	$2,620,000	$2,620,000	(c)	$2,620,000	6/25/09	
6	Lexington Fayette Urban Co Govt	$537,000	$237,000	(c)	$237,000	6/25/09	
7	Louisa, City of	$1,150,000	$1,139,716	(c)	$1,139,716	6/25/09	
8	Pineville, City of	$2,193,000	$2,193,000		$2,193,000	6/25/09; 1/7/10	
9	Shepherdsville, City of	$8,500,000	$3,000,000		$3,000,000	6/25/09	
	TOTALS	**$19,563,325**	**$13,369,041**		**$13,369,041**		
	PROJECTS APPROVED IN SFY 2010:						
10	Calvert City, City of	$1,083,128	$1,046,065		$1,046,065	7/9/09; 1/7/10	
11	Princeton, City of	$2,475,000	$1,103,744		$1,103,744	7/9/09; 2/4/10	
12	Northern Madison Co Sanitation District	$510,000	$510,000	(c)	$510,000	8/6/09	
13	Kentucky Horse Park	$1,950,000	$950,000		$950,000	8/6/09	
14	Sanitation District #4 of Boyd County	$475,000	$400,000	(c)	$400,000	8/6/09	
15	Ashland, City of	$250,252	$246,646	(c)	$246,646	8/20/09; 1/25/10	
16	Covington, City of	$1,200,000	$1,197,390	(c)	$1,197,390	8/20/09	
17	Bowling Green, City of	$134,996	$134,996	(c)	$134,996	8/20/09	
18	Frankfort, City of	$962,035	$800,000	(c)	$800,000	8/20/09	
19	Wilder, City of	$215,889	$114,302	(c)	$114,302	9/3/09; 1/25/10	
20	Richmond, City of	$125,000	$125,000	(c)	$125,000	9/3/09	
21	Maysville, City of	$2,000,000	$500,000	(c)	$500,000	9/3/09	
22	Prestonsburg, City of	$4,530,405	$2,670,000		$2,670,000	10/1/09	
23	Kentucky Department of Parks	$500,000	$500,000		$500,000	10/1/09	
24	Kentucky Department of Parks	$358,008	$355,867	(c)	$355,867	10/1/09; 1/25/10	
25	Kentucky Department of Parks	$1,457,402	$1,366,291		$1,366,291	10/1/09; 1/25/10	
26	Morehead, City of	$801,203	$801,203	(c)	$801,203	10/1/09	
27	Morehead, City of	$1,293,013	$1,293,013	(c)	$1,293,013	10/1/09	
28	Winchester, City of	$693,000	$600,000	(c)	$600,000	10/1/09	
29	Russellville, City of	$952,300	$799,967	(c)	$799,967	10/1/09	
30	Kuttawa, City of	$530,000	$300,000	(c)	$300,000	10/1/09	
31	Paintsville, City of	$1,400,000	$1,150,000		$1,150,000	10/1/09	
32	Louisville & Jefferson Co. Metro. Sewer Dist.	$17,500,000	$5,000,000		$5,000,000	10/1/09	
33	Falmouth, City of	$611,898	$611,898	(c)	$611,898	10/1/09; 11/12/09	
34	Calvert City, City of	$850,000	$816,069	(c)	$816,069	10/1/09; 12/16/09	
35	Sacramento, City of	$750,000	$749,991	(c)	$749,991	10/1/09	
36	***Grant Co. Sanitary Sewer Dist.***	***$2,114,713***	***$433,718***	***(c)***	***$433,718***	***10/1/09;3/1/12***	
37	Mayfield, City of	$975,000	$975,000	(c)	$975,000	10/1/09	
38	Warsaw, City of	$3,841,156	$2,060,156		$2,060,156	11/12/09	In amt is $2,060,155.54
39	Madisonville, City of	$3,800,000	$3,800,000	(c)	$3,800,000	11/12/09	
40	Meade Co Riverport Authority	$482,642	$482,642		$482,642	12/3/09; 1/25/10	
41	Troublesome Creek Env Authority	$3,425,000	$1,500,000		$1,500,000	12/3/09	
42	Ohio Co Regional Waste Water District	$465,303	$465,303		$465,303	12/3/09; 1/25/10; 2/17/11	
43	Mountain Water District	$750,000	$750,000		$750,000	12/3/09; 2/4/10	
	TOTALS	**$59,462,343**	**$34,609,260**		**$34,609,260**		
	GRAND TOTALS - COMMITMENTS	**$79,025,668**	**$47,978,302**		**$47,978,302**		
	BALANCE AVAILABLE FOR LOAN				**($95,326)**		

bold, italics - pending board approval
(c) - Final amounts; Loan has been closed
(s) - Amount represented in the assistance agreement

KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND ----- (FUND B)

TOTAL AUTHORIZATIONS FYS 1989-90:	$20,000,000
TOTAL AUTHORIZATIONS FYS 1991-92:	$14,000,000
TOTAL AUTHORIZATIONS FYS 1993-94:	$15,000,000
TOTAL DEAUTHORIZATION FYS 1995-96:	($3,504,592)
TOTAL AUTHORIZATION FYS 1996-98:	$0
TOTAL AUTHORIZATION FYS 2000-2002:	$0
TOTAL AUTHORIZATION FYS 2002-2004	$0
TOTAL AUTHORIZATION FYS 2004-2006	$0
TOTAL AUTHORIZATION FYS 2006-2008	$0
TOTAL 1989-2008:	**$45,495,408**
Revolving Available to Loan/Grant Before Current Meeting	**$4,281,366**

		TOTAL INFRASTRUCTURE AMOUNT	KIA GRANT AMOUNT	KIA Loan AMOUNT	GENERATED PRIVATE INVESTMENT	JOBS CREATED	DATE APPROVED	COMMENTS
	PROJECTS APPROVED IN FY 1989:							
1	WILMORE, CITY OF	$1,059,938		$407,770 (c)	$13,700,000	257	12-21-88	
2	AUBURN, CITY OF	$2,175,540		$1,475,540 (c)	$2,225,000	96	12-21-88	
3	SOMERSET, CITY OF	$2,402,764		$1,500,000 (c)	$75,000,000	326	12-21-88	
4	HENRY COUNTY	$775,627		$287,984 (c)	$4,380,000	210	03-22-89	(REAP. 1-31-91 & AMD. 6-20-91)
5	GRAVES COUNTY	$3,717,000		$3,717,000 (c)	$31,037,070	600	05-03-89	
	TOTALS	**$10,130,869**		**$7,388,294**	**$126,342,070**	**1,489**		
	PROJECTS APPROVED IN FY 1990:							
6	LAWRENCEBURG, CITY OF	$301,000		$86,114 (c)	$426,187	30	08-07-89	
7	LEITCHFIELD, CITY OF	$1,296,200		$699,674 (c)	$2,470,000	200	08-07-89	
8	LIBERTY, CITY OF	$319,573		$163,822 (c)	$1,533,133	140	08-07-89	
9	BEREA, CITY OF	$1,200,000		$340,000 (c)	$0	750	08-07-89	
10	GAMALIEL, CITY OF	$2,040,263		$490,425 (c)	$2,000,000	125	09-27-89	(REAP. 3-28-91 & AMD. 6-26-92)
11	GRAYSON, CITY OF (1)	$1,875,000		$1,000,000 (c)	$10,000,000	300	12-13-89	
12	LEBANON JUNCTION, CITY OF	$701,900		$148,649 (c)	$7,500,000	200	04-25-90	
13	MT. VERNON, CITY OF	$864,347		$456,480 (c)	$20,000,000	154	04-25-90	(AMD. 3-28-91)
14	RUSSELLVILLE, CITY OF	$1,591,673		$1,434,750 (c)	$0	0	04-25-90	
	TOTALS	**$10,189,956**		**$4,819,914**	**$43,929,320**	**1,899**		
	PROJECTS APPROVED IN FY 1991:							
15	RICHMOND, CITY OF	$1,508,300		$250,000 (c)	$1,500,000	100	09-26-90	
16	WARREN COUNTY W.D. (Chg)	$638,035		$229,035 (c)	$14,000,000	280	09-26-90	
17	LAUREL COUNTY FISCAL COURT	$964,742		$319,969 (c)	$2,900,000	74	09-26-90	
18	MOUNTAIN WATER DISTRICT (Mtn. Top B	$890,977		$186,711 (c)	$2,250,000	500	11-19-90	
19	MONTICELLO, CITY OF (1)	$336,450		$366,293 (c)	$2,300,000	432	06-20-91	
20	JEFFERSON COUNTY / KROGER	$1,425,575		$1,310,251 (c)	$23,950,000	101	06-20-91	(AMD. 3-17-93)
	TOTALS	**$5,764,079**		**$2,662,259**	**$46,900,000**	**1,487**		
	PROJECTS APPROVED IN FY 1992:							
21	NEWPORT, CITY OF	$4,017,704		$2,931,899 (c)	$2,931,899	220	09-16-91	(AMD. 7-23-92; 6-29-94; 12/9/04)
22	HODGENVILLE, CITY OF	$125,900		$114,931 (c)	$400,000	16	11-01-91	
23	SCOTTSVILLE, CITY OF	$4,252,173		$2,660,800 (c)	$0	260	12-04-91	
24	MONTICELLO, CITY OF (2)	$2,610,040		$1,495,628 (c)	$0		12-04-91	
25	WARREN COUNTY WATER DISTRICT (W	$121,000		$92,809 (c)	$32,000,000	200	02-25-92	
26	WARREN COUNTY WATER DISTRICT (Se	$297,000		$203,233 (c)	$0		02-25-92	
27	LIVERMORE, CITY OF	$86,039		$86,039 (c)	$0	12	06-26-92	
	TOTALS	**$11,509,856**		**$7,585,339**	**$35,331,899**	**708**		
	PROJECTS APPROVED IN FY 1993:							
28	MARION, CITY OF	$1,218,460		$379,510 (c)	$1,412,000	40	12-17-92	
29	DAVIESS COUNTY FISCAL COURT	$1,765,510		$1,634,610 (c)	$340,000,000	280	01-29-93	
30	COVINGTON, CITY OF	$516,140		$460,327 (c)	$18,000,000	500	01-29-93	
31	HOPKINSVILLE, CITY OF	$8,688,679		$5,000,000 (c)	$0	500	05-05-93	(REAP. 3-31-95)
	TOTALS	**$12,188,789**		**$7,474,447**	**$359,412,000**	**1,320**		
	PROJECTS APPROVED IN FY 1994:							
32	GRAYSON, CITY OF (2)	$1,712,759		$1,412,759 (c)	$0	155	08-31-93	
33	PIKEVILLE, CITY OF	$5,037,889		$611,397 (c)	$4,396,000	93	08-31-93	
34	LANCASTER, CITY OF	$1,710,420		$781,462 (c)	$0	100	09-29-93	

			TOTAL INFRASTRUCTURE AMOUNT	KIA GRANT AMOUNT	KIA Loan AMOUNT	GENERATED PRIVATE INVESTMENT	JOBS CREATED	DATE APPROVED	COMMENTS
35	GALLATIN COUNTY		$4,089,434		$4,000,000 (c)	$400,089,434	400	09-29-93	(AMD. 6-29-94, REAP. 3-31-95)
36	CAMPBELLSVILLE, CITY OF		$4,905,000		$1,905,000 (s)	$0	295	12-05-95	(REAP.)(AMD. 7-13-98)
		TOTALS	**$17,455,502**		**$8,710,618**	**$404,485,434**	**1,043**		
	PROJECTS APPROVED IN FY 1995:								
37	HENDERSON, CITY OF	(phase 1)	$7,445,372		$3,188,731 (c)	$0	1,500	08-30-94	(AMD. 7-5-96)
		(phase 2)			$581,512 (c)	$0		08-30-94	
* 38	WEBSTER COUNTY WATER DISTRICT		$1,268,460		$638,000 (c)	$0	58	05-30-95	
		TOTALS	**$8,713,832**		**$4,408,243**	**$0**	**1,558**		
	PROJECTS APPROVED IN FY 1996:								
* 39	OAK GROVE, CITY OF		$787,990		$498,295 (c)	$0	134	05-14-96	
40	MOUNT STERLING, CITY OF		$2,467,009		$2,467,009 (c)	$0	400	05-14-96	
		TOTALS	**$3,254,999**		**$2,965,304**	**$0**	**534**		
	PROJECTS APPROVED IN FY 1997:								
41	CORBIN, CITY OF		$583,878		$300,000 (c)	$0	30	8-29-96	
42	HICKORY WATER DISTRICT		$1,028,000		$528,000 (c)	$0	95	12-4-96	(REAP. 9-1-98)
		TOTALS	**$1,611,878**		**$828,000**	**$0**	**125**		
	PROJECTS APPROVED IN FY 1998:								
* 42	PRESTONSBURG, CITY OF		$4,392,500		$600,000 (c)	$0	77	2-26-98	$50M inc. app. 2-5-99
* 43	PAINTSVILLE, CITY OF		$8,070,950		$1,772,800 (c)	$0	400	2-26-98	(REAP. 12-10-99)
		TOTALS	**$12,463,450**		**$2,372,800**	**$0**	**477**		
	PROJECTS APPROVED IN FY 1999:								
* 44	HARDINSBURG, CITY OF		$5,239,680		$131,231 (c)	$0	14	7-13-98	
* 45	PRESTONSBURG, CITY OF		$1,591,200		$795,600 (c)		400	4-27-99	
		TOTALS	**$6,830,880**		**$926,831**	**$0**	**414**		
	PROJECTS APPROVED IN FY 2000:								
* 46	GALLATIN CO WATER DISTRICT		$1,100,000		$744,796 (c)	$95,000,000	130	09/01/1999; AMD 4/4/00	
* 47	CARROLTON, CITY OF (CELOTEX)		$184,300		$112,200 (c)	$75,000,000	122	12/10/1999; AMD 9/1/01	
		TOTALS	**$1,284,300**		**$856,996**	**$170,000,000**	**122**		
	PROJECTS APPROVED IN FY2005:								
* 48	UNION COUNTY FISCAL COURT		$1,550,000		$0	$0 NA		11/04/2004	commitment expired
* 40	OWENTON, CITY OF		$736,890		$0	$0 NA		11/04/2004	commitment expired
* 41	HART CO FISCAL COURT		$3,192,000		$2,170,999	$0 NA		03/03/2005	
* 42	BOONE COUNTY WATER DISTRICT		$3,548,148		$2,506,118 (c)	$0 NA		6/2/05; 7/1/10	assumed from Boone Co FC
		TOTALS	**$9,027,038**		**$4,677,117**	**$0**			
	PROJECTS APPROVED IN FY2006:								
* 43	GRAVES CO WATER DISTRICT		$596,776		$596,776 (c)	$0 NA		/1/2005; 7/26/06; 10/2/08	Assumed from Fancy Farm WD
* 44	GRAVES CO WATER DISTRICT		$152,176		$152,176 (c)	$0 NA		9/1/2005; 10/2/08	Assumed from Fancy Farm WD
* 45	WESTERN MASON SANITATION DIST		$4,644,000		$560,272 (c)	$0 NA		12/01/2005	
* 46	BONNIEVILLE, CITY OF		$3,160,000		$0	$0 NA		12/01/2005	commitment expired
* 47	Elkton, City of		$808,000		$808,000	$0 NA		03/02/2006	
* 48	MT VERNON, CITY OF		$2,055,000		$945,000 (c)	$0 NA		05/04/2006	
		TOTALS	**$11,415,953**		**$3,062,225**	**$0**			
	PROJECTS APPROVED IN FY2007:								
* 49	GUTHRIE, CITY OF		$640,000		$0	$0 NA		08/03/2006	Withdrawn
* 50	OWINGSVILLE, CITY OF		$4,367,250		$797,250 (c)	$0 NA		2006;10/01/2009	338,997 ln; 50,000 grant
* 51	JAMESTOWN, CITY OF		$13,065,000		$3,588,700 (c)	$0 NA		12/07/2006	3,038,700 ln; 550,000 grant
* 52	CONNECTGRADD		$2,400,000		$1,200,000	$0 NA		02/08/2007	broadband
* 53	ALBANY, CITY OF		$7,366,000		$750,000	$0 NA		05/10/2007	EO 2007-298 GF
* 54	GRAVES CO WATER DISTRICT		$849,154		$849,154 (c)	$0 NA		5/10/2007; 10/2/08	S Graves WD
		TOTALS	**$28,687,403**		**$7,185,103**	**$0**			

			TOTAL INFRASTRUCTURE AMOUNT	KIA GRANT AMOUNT	KIA Loan AMOUNT	GENERATED PRIVATE INVESTMENT	JOBS CREATED	DATE APPROVED	COMMENTS
		PROJECTS APPROVED IN FY2008:							
*	55	CAVELAND ENVIRONMENTAL	$2,910,000		$125,000	$0	NA	09/06/2007	sewer
*	56	HOPKINSVILLE ELECT & EN NET	$3,000,000		$3,000,000	$0	NA	10/04/2007	fiber optic communications
*	57	MARION CO WATER DISTRICT	$750,000		$340,000	$0	NA	10/04/2007	water
*	58	WILLIAMSBURG, CITY OF	$3,237,440		$400,000 (c)	$0	NA	10/04/2007	water
*	59	LOGAN TODD REG WAT COMM	$1,500,000		$400,000 (c)	$0	NA	11/01/2007	water
*	60	BURGIN, CITY OF	$50,000		$50,000 (c)	$0	NA	11/01/2007	water
	61	PRESTONSBURG, CITY OF	$2,700,000		$2,700,000 (c)	$0	NA	12/06/2007	purchase Auxier Water
	62	GLASGOW, CITY OF	$1,200,000		$1,200,000 (c)	$0	NA	2/7/2008; 10/9/08	broadband
	63	LANCASTER, CITY OF	$690,000		$490,000 (c)	$0	NA	03/06/2008	sewer
	64	WHITLEY CO WATER DISTRICT	$2,708,000		$848,000	$0	NA	3/6/08; 7/27/11	water
	65	HINDMAN, CITY OF	$500,000		$500,000 (c)	$0	NA	04/03/2008	water
	66	WALTON, CITY OF	$4,000,000		$1,000,000 (c)	$0	NA	06/05/2008	sewer
		TOTALS	**$23,245,440**		**$11,053,000**	**$0**			
		PROJECTS APPROVED IN FY2009:							
	67	CARROLLTON, CITY OF	$2,949,731		$900,000	$0	NA	8/7/08; 12/8/11	sewer
	68	LOUISA, CITY OF	$1,075,000		$1,000,000	$0	NA	08/07/2008	sewer
	69	PRESTONSBURG, CITY OF	$841,000		$841,000 (c)	$0	NA	10/02/2008	water meters
	70	LEBANON, CITY OF	$1,119,707		$582,883 (c)	$0	NA	12/04/2008	water
	71	MuniNet	$2,500,000		$2,500,000	$0	NA	06/25/09; 4/7/11	broadband; assumed from Murray
	72	PINEVILLE, CITY OF	$350,000		$0	$0	NA	06/25/2009	sewer - withdrawn 9/24/09
		TOTALS	**$8,835,438**		**$5,823,883**	**$0**			
		PROJECTS APPROVED IN FY2010:							
	73	Prestonsburg, City of	$2,670,000		$0	$0	NA	10/01/2009	sewer
	74	Falmouth, City of	$564,835		$564,835	$0	NA	10/01/2009	sewer
	75	Bullitt Co Sanitation District	$500,000		$500,000	$0	NA	02/04/2010	sewer
	76	Hart Co Industrial Authority	$2,300,000		$1,000,000	$3,000,000	40	02/04/2010	sewer
	77	Marshall Co. Fiscal Court	$1,000,000	$800,000	$200,000	$0	NA	06/03/2010	80% grant/ 20% loan
		TOTALS	**$7,034,835**	**$800,000**	**$2,264,835**	**$3,000,000**	***40***		
		PROJECTS APPROVED IN FY2011:							
	78	Bullitt Co Sanitation District	$500,000	$0	$500,000	$0	NA	08/05/2010	sewer
	79	Greenville, City of	$1,115,000	$0	$1,115,000	$0	NA	10/14/2010	sewer
	80	Marion, City of	$2,100,000	$0	$1,246,754	$0	NA	10/14/2010	water
	81	Princeton, City of	$430,645	$0	$430,645	$0	NA	12/9/10; 7/1/11	sewer
	82	Bracken Co Water District	$475,000	$380,000	$95,000	$0	NA	12/09/2010	water
	83	Caneyville, City of	$445,000	$0	$110,000	$0	NA	12/09/2010	sewer
	84	Crab Orchard, City of	$1,660,000	$400,000	$410,000	$0	NA	12/09/2010	water
	85	Flatwoods, City of	$887,500	$468,000	$117,000	$0	NA	02/03/2011	
	86	Graves County Water District	$1,111,266	$220,000	$780,000	$0	NA	02/03/2011	
	87	Mt. Washington, City of	$700,000	$560,000	$140,000	$0	NA	02/03/2011	
	88	White Plains, City of	$657,000	$525,600	$131,400	$0	NA	02/03/2011	
	89	Beattyville, City of	$675,000	$140,000	$35,000	$0	NA	03/03/2011	water
	90	Elkton, City of	$141,700	$0	$141,700	$0	NA	03/03/2011	water
	91	Nicholas County Sanitation District	$2,641,000	$0	$550,000	$0	NA	03/03/2011	sewer
	92	North McLean Co WD	$737,871	$200,000	$50,000	$0	NA	03/03/2011	water
	93	MuniNet	$2,033,947	$0	$2,033,947	$0	NA	04/07/2011	broadband
		TOTALS	**$16,310,929**	**$2,893,600**	**$7,886,446**	**$0**			
		PROJECTS APPROVED IN FY2012:							
	94	Crittenden-Livingston Water District	$300,000	$0	$300,000	$0	NA	08/04/2011	water
	95	***Lewisburg, City of***	***$220,000***	***$0***	***$220,000***	***$0***	***NA***	***03/01/2012***	***water***
	96	***Olive Hill, City of***	***$505,000***	***$0***	***$505,000***	***$0***	***NA***	***03/01/2012***	***water***
		TOTALS	**$1,025,000**	**$0**	**$1,025,000**	**$0**			
		GRAND TOTALS	**$206,980,426**	**$3,693,600**	**$93,976,655**	**$1,189,400,723**	**11216**		

bold, italics - pending board approval

* Bonds have not been sold for these projects

\+ Projects were funded under the master note

(c) - Final amounts; Loan has been closed

(s) - Amount represented in the assistance agreement

TOTAL AUTHORIZATION FYS 1991-94	$6,000,000	
TOTAL DEAUTHORIZATION FYS 95-96	($78,822)	
TOTAL AUTHORIZATION FYS 1997-98	$0	
TOTAL AUTHORIZATION FYS 1998-2000	$13,000,000	(rlf)
TOTAL AUTHORIZATION FYS 2001-2002	$3,925,000	(rlf)
	$22,846,178	

KENTUCKY INFRASTRUCTURE AUTHORITY
WATER RESOURCES GRANT--------- (FUND B1)

		TOTAL INFRASTRUCTURE AMOUNT	KIA AMOUNT		DATE APPROVED	COMMENTS
	PROJECTS APPROVED JULY 1, 1991 THROUGH JUNE 30, 1992:					
1	ELKHORN WATER DISTRICT	$383,000	$151,233	(c)	9-16-91	
2	BEAVER-ELKHORN WATER DISTRICT (PH II)	$2,262,200	$1,383,547	(c)	9-16-91	(REAP. 5-5-93)
3	BEAVER-ELKHORN WATER DISTRICT (PH III)	$3,386,325	$616,453	(c)	9-16-91	(REAP. 5-5-93)
4	WACO WATER DISTRICT	$304,525	$300,000	(c)	9-16-91	
5	NORTH MERCER WATER DISTRICT	$1,833,000	$500,000	(c)	9-16-91	
6	WEBSTER COUNTY WATER DISTRICT	$2,269,500	$1,500,000	(c)	9-16-91	
7	ANDERSON COUNTY	$361,638	$270,000	(c)	9-16-91	
8	GEORGETOWN, CITY OF	$3,474,350	$400,000	(c)	9-16-91	
9	LYNCH, CITY OF	$502,500	$499,945	(c)	9-16-91	
	TOTALS	**$14,777,038**	**$5,621,178**			
	PROJECTS APPROVED JULY 1, 1992 THROUGH JUNE 30, 1994:					
10	DAVIESS COUNTY FISCAL COURT	$300,000	$300,000	(c)	11-12-92	(AMD. 9-29-93)
	(East Daviess County Water Association) **TOTALS**	**$300,000**	**$300,000**			
	PROJECTS PER SPECIAL PROVISIONS DURING 1998 GENERAL SESSION					
11	MEADE COUNTY FISCAL COURT	$4,204,225	$2,500,000		12/18/1998	
12	CITY OF RICHMOND	$8,400,000	$4,000,000		09/01/1998	
13	CITY OF MIDWAY	$4,760,971	$3,500,000		06/06/2000	
14	CITY OF HINDMAN	$3,000,000	$3,000,000		07/28/1999	
	TOTALS	**$20,365,196**	**$13,000,000**	(rlf)		
	PROJECTS APPROVED JULY 1, 1998 THROUGH JUNE 30, 1999:					
15	WATER RESOURCE DEV COMMISSION	$1,053,000	753,000	(rlf)	4-27-99	
	TOTALS	**$1,053,000**	**753,000**			
	PROJECTS PER SPECIAL PROVISIONS DURING 2000 GENERAL SESSION					
16	HORTON CAMP INF AT GREEN RIVER ST PARK	650,000.00	650,000.00		06/06/2000	
17	FLEMING CO WATER COMM	75,000.00	75,000.00		02/01/2001	(AA date)
18	FLEMING CO '201' SEWER PLANNING	50,000.00	50,000.00		10/01/2001	(AA date)
19	CITY OF WURTLAND	25,000.00	25,000.00		10/01/2001	(AA date)
20	SPURLOCK & LITTLE MUD CREEK	300,000.00	300,000.00		08/17/2001	(AA date)
21	PIKE COUNTY - TAYLOR FORK	50,000.00	50,000.00		08/06/2001	(AA date)
22	SOUTHERN MADISON WATER DISTRICT	200,000.00	200,000.00		03/01/2001	(AA date)
23	HENDERSON CO WATER DISTRICT	500,000.00	500,000.00		08/20/2001	(AA date)
24	LEWIS CO WATER & SEWER	500,000.00	500,000.00		11/22/2000	
25	GREEN CO WATER & SEWER	500,000.00	500,000.00		08/06/2001	(AA date)
26	LARUE COUNTY FISCAL COURT	750,000.00	750,000.00		08/06/2001	(AA date)
27	CARROL COUNTY FISCAL COURT	250,000.00	250,000.00		08/01/2001	(AA date)
28	CITY OF RACELAND	25,000.00	25,000.00		09/21/2001	(AA date)
29	CITY OF WORTHINGTON	25,000.00	25,000.00		08/06/2001	(AA date)
30	CITY OF FLATWOODS	25,000.00	25,000.00		10/01/2001	(AA date)
	TOTALS	**3,925,000.00**	**3,925,000.00**	(rlf)		

			TOTAL INFRASTRUCTURE AMOUNT	KIA AMOUNT	DATE APPROVED	COMMENTS
	PROJECTS APPROVED JULY 1, 2001 THROUGH JUNE 30, 2002:					
31	Columbia-Campbellsville	WX21001008	$3,415,000	$55,000	12/06/2001	
32	Bath County Water District	WX21011002	$2,253,000	$1,150,000	12/06/2001	
33	City of Paris	WX21017002	$2,300,000	$1,000,000	12/06/2001	
34	City of Ashland	WX21019006	$2,362,626	$750,000	12/06/2001	
35	Bracken County Water District	WX21023001	$1,810,000	$93,500	12/06/2001	
36	City of Murray	WX21035005	$1,126,000	$0	12/06/2001	
37	Center Ridge Water District	WX21035011	$262,200	$262,200	12/06/2001	
38	West Carroll Water District	WX21041301	$2,200,000	$500,000	12/06/2001	
39	Rattlesnake Ridge Water District	WX21043001	$4,130,000	$440,000	12/06/2001	
40	Christian County Water District	WX21047011	$2,200,000	$1,000,000	12/06/2001	
41	Owensboro Municipal Utilities	WX21059001	$2,500,000	$1,000,000	12/06/2001	
42	Consumers Water District	WX21083002	$1,117,868	$1,000,000	12/06/2001	
43	City of Caneyville	WX21085001	$486,000	$186,000	12/06/2001	
44	Grayson County Water District	WX21085009	$2,878,000	$1,000,000	12/06/2001	
45	City of Cumberland	WX21095662	$1,600,000	$400,000	12/06/2001	
46	Henderson Water Utility	WX21101005	$600,000	$600,000	12/06/2001	
47	Wood Creek water District	WX21125527	$350,364	$350,364	12/06/2001	
48	Louisa Water District	WX21127001	$5,570,570	$1,000,000	12/06/2001	
49	Electric Plant Board of the City of Vanceburg	WX21135001	$4,077,000	$977,000	12/06/2001	
50	City of Sacramento	WX21149002	$150,000	$150,000	12/06/2001	
51	Western Lewis Rectorville Water District	WX21161001	$1,399,000	$275,000	12/06/2001	
52	Edmonton Water Works	WX21169001	$2,222,782	$595,782	12/06/2001	
53	Tri-Village Water District	WX21187205	$1,800,000	$800,000	12/06/2001	
54	City of Falmouth	WX21191311	$1,000,000	$300,000	12/06/2001	
55	City of Hazard	WX21193009	$5,500,000	$250,000	12/06/2001	
56	Buffalo Trail Water Association	WX21201005	$1,500,000	$750,000	12/06/2001	
57	US 60 Water District	WX21211026	$1,375,000	$650,000	12/06/2001	
58	Taylorsville Water Works	WX21215087	$3,500,000	$430,400	12/06/2001	
59	Campbellsville-Greensburg	WX21217004	$3,181,900	$0	12/06/2001	
60	Cadiz-Trigg County Regional Water Commissio	WX21221002	$14,000,000	$70,000	12/06/2001	
61	City of Midway	WX21239003	$766,000	$150,000	12/06/2001	
62	City of Booneville	WX21189002	$687,000	$130,000	06/06/2002	
		TOTALS	**$78,320,310**	**$16,315,246** (rlf)		
	PROJECTS APPROVED JULY 1, 2006 THROUGH JUNE 30, 2007:					
63	Knott Co Water & Sewer		$500,000	$500,000	10/05/2006	
64	Bath Co WD		$514,340	$250,000	12/07/2006	
65	Western Pulaski Co Water District		$620,000	$620,000	5/10/07; 6/21/07	
66	City of Harlan		$200,000	$200,000	06/21/2007	
		TOTALS	**$1,834,340**	**$1,570,000** (rlf)		
	PROJECTS APPROVED IN FY2008:					
67	City of Arlington		$190,750	$190,750	07/19/2007	
68	City of Elkton		$200,000	$200,000	07/19/2007	
69	City of Georgetown		$80,000	$80,000	07/19/2007	
70	Morehead Utility Plant Board		$373,900	$373,900	07/19/2007	
		TOTALS	**$844,650**	**$844,650**		
		GRAND TOTALS	**$121,419,534**	**$41,484,424**		

bold, italics - pending board approval
(s) - Amount represented in the assistance agreement
(c) - Grant has been closed.
(rlf) - To be funded out of the revolving loan funds

KENTUCKY INFRASTRUCTURE AUTHORITY
WATER RESOURCES LOAN ------ (FUND B2)
GATEWAY, BIG SANDY, KENTUCKY RIVER AND CUMBERLAND VALLEY DEVELOPMENT DISTRICTS

TOTAL AUTHORIZATION FYS 1991-94	$30,000,000
TOTAL DEAUTHORIZATION FYS 1995-96	($1,716,586)
TOTAL AUTHORIZATION FYS 1997-98	$0
TOTAL AUTHORIZATION FYS 1998-99	$0
TOTAL 1991 - 1998	**$28,283,414**

			TOTAL INFRASTRUCTURE AMOUNT	KIA AMOUNT		INTEREST RATE	AREA DEVELOPMENT DISTRICT	DATE APPROVED	COMMENTS
	PROJECTS APPROVED JULY 1, 1991 THROUGH JUNE 30, 1992:								
1	MOUNTAIN WATER DISTRICT (Indian Creek)		$2,712,760	$337,760	(c)	3.0%	BIG SANDY	07-24-91	
2	MARTIN COUNTY WATER DISTRICT NO. 2		$2,481,566	$1,329,826	(c)	3.0%	BIG SANDY	09-16-91	(REAP. 5-5-93)
3	HYDEN / LESLIE CO. WATER DISTRICT		$2,196,941	$1,965,619	(c)	3.0%	KY. RIVER	09-16-91	
4	SOUTHERN WATER & SEWER	(Phase I)	$1,045,700	$514,888	(c)	3.0%	BIG SANDY	09-16-91	(REAP. 1-29-93), Assumed from Beaver Elkhorn 12-21-00
5	SOUTHERN WATER & SEWER	(Phase II)	$2,262,200	$847,982	(c)	3.0%	BIG SANDY	09-16-91	(REAP. 5-5-93), Assumed from Beaver Elkhorn 12-21-00
6	SOUTHERN WATER & SEWER	(Phase III)	$3,386,325	$2,831,354	(c)	3.0%	BIG SANDY	09-16-91	(REAP. 5-5-93 & 2-2-95)), Assumed from Beaver Elkhorn 12-21-00
7	MANCHESTER, CITY OF		$1,766,705	$970,439	(c)	2.9%	CUMB. VALLEY	11-01-91	
8	MOREHEAD, CITY OF		$449,442	$359,646	(c)	2.9%	GATEWAY	11-01-91	
9	MOUNTAIN WATER DISTRICT (Multi-Area)		$5,165,093	$5,165,093	(c)	2.9%	BIG SANDY	11-01-91	
10	PIKEVILLE, CITY OF		$903,718	$897,868	(c)	2.9%	BIG SANDY	11-01-91	
11	PINEVILLE, CITY OF		$829,099	$829,099	(c)	2.9%	CUMB. VALLEY	11-01-91	
12	BARBOURVILLE, CITY OF		$4,500,000	$1,924,831	(c)	2.9%	CUMB. VALLEY	11-01-91	
13	CORBIN, CITY OF		$1,449,838	$833,000	(c)	2.9%	CUMB. VALLEY	12-04-91	
14	PRESTONSBURG, CITY OF		$2,173,278	$1,960,288	(c)	2.9%	BIG SANDY	12-04-91	
15	HARLAN, CITY OF		$1,434,170	$1,434,170	(c)	2.9%	CUMB. VALLEY	12-04-91	
16	WHITESBURG, CITY OF		$1,332,179	$932,179	(c)	2.7%	KY. RIVER	05-13-92	
17	CLAY COUNTY FISCAL COURT (North Manchester Water Association)		$2,805,321	$2,621,001	(c)	2.95%	CUMB. VALLEY	05-13-92	
18	ROCKCASTLE COUNTY FISCAL COURT (Western Rockcastle Water Association)		$778,500	$364,572	(c)	2.95%	CUMB. VALLEY	05-13-92	
		TOTALS	**$37,672,835**	**$26,119,616**					
	PROJECTS APPROVED JULY 1, 1992 THROUGH JUNE 30, 1993:								
19	JACKSON COUNTY FISCAL COURT (Jackson County Water Association)		$1,858,645	$1,792,633	(c)	2.45%	KY. RIVER	11-12-92	
		TOTALS	**$1,858,645**	**$1,792,633**					
	PROJECTS APPROVED JULY 1, 1993 THROUGH JUNE 30, 1994:								
20	LAUREL COUNTY WATER DISTRICT NO. 2		$1,324,000	$450,000	(c)	1.6%	CUMB. VALLEY	5-11-94	(REAP. 12-5-95)
		TOTALS	**$1,324,000**	**$450,000**					
		GRAND TOTALS	**$40,855,480**	**$28,362,249**					

(s) - Amount represented in the assistance agreement.
(c) - Final Amount; Loan has been closed.

KENTUCKY INFRASTRUCTURE AUTHORITY
GOVERNMENTAL AGENCIES PROGRAM ---------- (FUND C)

		TOTAL PROJECT AMOUNT	KIA AMOUNT		DATE APPROVED	COMMENTS
ORIGINAL KENTUCKY POLLUTION ABATEMENT AUTHORITY LOANS (42) REFINANCED BY THE KENTUCKY INFRASTRUCTURE AUTHORITY (1989)			**$32,025,000**			
	PROJECTS APPROVED IN FY 1989:					
1	CAMPBELLSVILLE, CITY OF	$3,450,000	$2,500,000	(c)		
2	CARLISLE, CITY OF	$3,958,731	$1,764,950	(c)		
3	CRITTENDEN, CITY OF	$1,725,300	$913,800	(c)		
4	EDMONTON, CITY OF	$740,728	$505,728	(c)		
5	FULTON, CITY OF	$1,200,000	$380,000	(c)		
6	INEZ, CITY OF	$5,692,657	$825,477	(c)		
7	PADUCAH-MCCRACKEN JOINT SEWER COI	$1,844,500	$1,844,500	(c)		ASSUMED FROM CITY OF PADUCAH
8	RUSSELL, CITY OF	$2,851,000	$2,851,000	(c)		
9	STANFORD, CITY OF	$1,782,000	$590,000	(c)		
10	TOMPKINSVILLE, CITY OF	$720,000	$445,000	(c)		
11	WEST LIBERTY, CITY OF	$3,086,995	$1,805,854	(c)		
12	HARDIN COUNTY WATER DISTRICT #2	$3,597,502	$932,502	(c)		
13	PADUCAH-MCCRACKEN JOINT SEWER COI	$1,528,626	$1,528,626	(c)		ASSUMED FROM MCCRACKEN CO SEWER
14	PADUCAH-MCCRACKEN JOINT SEWER COI	$2,099,125	$2,099,125	(c)		ASSUMED FROM MCCRACKEN CO SEWER
15	OLDHAM COUNTY WATER DISTRICT	$1,191,282	$1,330,500	(c)		
16	LOUISVILLE WATER COMPANY	$2,593,497	$1,094,330	(c)		ASSUMED FROMKENTUCKY TURNPIKE WATER DISTRICT 3/7/02
	TOTALS	**$38,061,943**	**$21,411,392**			
	PROJECTS APPROVED IN FY 1990:					
17	BULLOCK-PEN WATER DISTRICT	$779,649	$399,049	(c)	08-07-89	
18	BOYD COUNTY SANITATION DISTRICT #2	$2,525,506	$1,477,350	(c)	08-07-89	(AMD. 8-16-90 & 12-4-91)
19	FLEMINGSBURG, CITY OF	$1,218,286	$1,066,000	(c)	08-07-89	
20	FRANKLIN, CITY OF	$695,690	$687,204	(c)	05-03-89	(AMD. 8-7-89)
21	PINEVILLE, CITY OF	$3,099,590	$308,767	(c)	09-27-89	
22	EDMONSON COUNTY WATER DISTRICT	$860,117	$507,767	(c)	12-13-89	
23	HENDERSON COUNTY WATER DISTRICT #4	$581,609	$550,000	(c)	12-13-89	(AMD. 6-20-91)
24	EAST LOGAN COUNTY WATER DISTRICT	$1,253,120	$514,303	(c)	12-13-89	
25	MCKEE, CITY OF	$562,789	$185,289	(c)	04-25-90	
	TOTALS	**$11,576,356**	**$5,695,729**			
	PROJECTS APPROVED IN FY 1991:					
26	U.S. 60 WATER DISTRICT	$391,065	$202,400	(c)	08-16-90	
27	EDMONTON, CITY OF	$727,621	$502,621	(c)	08-16-90	
28	MUNFORDVILLE, CITY OF	$107,320	$100,850	(c)	09-26-90	
29	LEXINGTON-SOUTH ELKHORN WATER DIS	$1,750,000	$1,712,000	(c)	03-28-91	
30	PADUCAH-MCCRACKEN JOINT SEWER COI	$583,445	$450,884	(c)	03-28-91	ASSUMED FROM REIDLAND WSD
31	SOUTH GRAVES COUNTY WATER DISTRIC	$728,605	$728,605	(c)	06-20-91	(REAP. 12-17-92)(AMD. 11-10-97)(AMD 8-7-03)
32	TRIMBLE COUNTY WATER DISTRICT	$342,103	$328,603	(c)	06-20-91	(REAP. 9-16-91)
33	HENDERSON COUNTY WATER DISTRICT #2	$633,013	$325,000	(c)	06-20-91	
	TOTALS	**$5,263,172**	**$4,350,963**			
	PROJECTS APPROVED IN FY 1992:					
34	TOMPKINSVILLE, CITY OF	$648,200	$306,200	(c)	07-24-91	
35	WALTON, CITY OF	$140,577	$140,577	(c)	07-24-91	
36	WILMORE, CITY OF	$745,155	$228,355	(c)	09-16-91	
37	EDMONSON COUNTY WATER DISTRICCT	$197,959	$92,747	(c)	09-16-91	
38	HENDRON WATER DISTRICT	$596,100	$556,100	(c)	11-01-91	
39	BULLOCK-PEN WATER DISTRICT	$1,067,019	$518,169	(c)	11-01-91	
40	U.S. 60 WATER DISTRICT	$494,603	$459,905	(c)	12-04-91	
41	FULTON, CITY OF	$409,587	$384,508	(c)	05-13-92	
42	BULLOCK-PEN WATER DISTRICT	$62,111	$29,254	(c)	05-13-92	
	TOTALS	**$4,361,311**	**$2,715,815**			
	PROJECTS APPROVED IN FY 1993:					
43	GEORGETOWN, CITY OF	$554,870	$162,870	(c)	11-12-92	(AMD. 6-29-94)(Assumed from Stamping Ground 3/2/06)
44	PIKEVILLE, CITY OF	$1,317,639	$419,771	(c)	11-12-92	
45	NORTH MARSHALL COUNTY WATER DISTF	$1,414,199	$1,414,199	(c)	12-17-92	
46	TAYLORSVILLE, CITY OF	$188,000	$188,000	(c)	03-03-93	
47	WURTLAND, CITY OF	$336,885	$264,145	(c)	05-05-93	
	TOTALS	**$3,811,593**	**$2,448,985**			

			TOTAL PROJECT AMOUNT	KIA AMOUNT		DATE APPROVED	COMMENTS
		PROJECTS APPROVED IN FY 1994:					
	48	WHITESBURG, CITY OF	$1,701,993	$381,855	(c)	09-29-93	
	49	JONATHAN CREEK WATER DISTRICT	$2,768,000	$2,302,500	(c)	09-29-93	(AMD 9/7/03)
	50	NORTHERN ROCKCASTLE COUNTY WATEI	$455,226	$265,226	(c)	09-29-93	
	51	Shelbyville, City of	$2,100,000	$697,263	(c)	05-11-94	Assumed from Shelby Co SD #1
	52	LAUREL COUNTY WATER DISTRICT #2	$1,324,000	$900,950	(c)	05-11-94	(AMD. 12-5-95)
		TOTALS	**$8,349,219**	**$4,547,794**			
		PROJECTS APPROVED IN FY 1995:					
	53	CARLISLE, CITY OF	$715,000	$425,895	(c)	11-29-94	
**	54	HENRY COUNTY WATER DISTRICT #2	$8,426,000	$5,026,000	(s)(n)	03-31-95	(AMD. 12-5-95)
	55	CALHOUN, CITY OF	$506,100	$453,299	(c)	5-30-95	
		TOTALS	**$9,647,100**	**$5,905,194**			
		PROJECTS APPROVED IN FY 1996:					
	56	OLDHAM COUNTY WATER DISTRICT	$1,174,500	$1,062,256	(c)	2-26-95	
	57	HOPKINSVILLE, CITY OF	$1,156,400	$912,970	(c)	12-4-96; 4-7-11	assumed from Oak Grove
		TOTALS	**$2,330,900**	**$1,975,226**			
		PROJECTS APPROVED IN FY 1997:					
	58	EAST PENDLETON WATER DISTRICT	$202,004	$219,856	(c)	6-19-97	
		TOTALS	**$202,004**	**$219,856**			
		PROJECTS APPROVED IN FY 1998:					
		TOTALS	**$0**	**$0**			
		PROJECTS APPROVED IN FY 1999:					
	59	LOUISA, CITY OF	$387,500	$442,857	(c)	7/13/98	(AMD 9-1-99)
*	60	WEBSTER COUNTY WATER DISTRICT	$6,165,911	$4,000,000	(c)	9/1/98	
	61	MEADE COUNTY WATER DISTRICT	$4,204,225	$407,608	(c)	12/18/98	
		TOTALS	**$10,757,636**	**$4,850,465**			
		PROJECTS APPROVED IN FY 2001:					
	62	BARLOW, CITY OF	$416,000	$237,714	(c)	3/1/01	
		TOTALS	**$416,000**	**$237,714**			
		PROJECTS APPROVED IN FY 2002:					
	63	OLDHAM COUNTY WATER DISTRICT	$7,043,642	$5,560,339	(c)	7/12/01	
		TOTALS	**$7,043,642**	**$5,560,339**			
		PROJECTS APPROVED IN FY 2003:					
*	64	MCCREARY COUNTY FISCAL COURT	7,996,000	1,474,999	(c)	09/05/2002	
*	65	NICHOLASVILLE, CITY OF	4,310,000	4,160,000	(c)	10/03/2002	
	66	SOUTHERN WATER & SEWER	6,874,900	0		01/09/2003	Withdrawn - Replaced with Coal Sev
	67	MEADE COUNTY WATER DISTRICT	919,760	0		06/05/2003	Withdrawn - Replaced with Fd F loan
		TOTAL	**$7,996,000**	**$5,634,999**			
		PROJECTS APPROVED IN FY 2004:					
	68	KNOTT CO WATER & SEWER DISTRICT	$2,628,821	$640,367		08/07/2003	
*	69	CAWOOD WATER DISTRICT	$2,020,000	$500,000		12/04/2003	
*	70	BLACK MTN UTILITIES DISTRICT	$2,295,000	$250,000	(c)	01/08/2004	
		TOTAL	**$6,943,821**	**$1,390,367**			
		PROJECTS APPROVED IN FY 2005:					
*	71	NORTONVILLE, CITY OF	$5,300,000	$2,809,000		09/02/2004	
*	72	JOHNSON CO FISCAL COURT	$1,317,000	$0		12/09/2004	Withdrawn
*	73	PEAKS MILL WATER DISTRICT	$1,626,900	$946,900	(c)	05/05/2005	
		TOTAL	**$8,243,900**	**$3,755,900**			
		PROJECTS APPROVED IN FY 2007:					
*	74	MAYFIELD, CITY OF	$393,250	$389,255	(c)	05/10/2007	
		TOTAL	**$393,250**	**$389,255**			

			TOTAL PROJECT AMOUNT	KIA AMOUNT		DATE APPROVED	COMMENTS
		PROJECTS APPROVED IN FY 2008:					
*	75	SOUTHEAST DAVIESS CO WD	$1,219,995	$796,140		11/01/2007	water
*	76	WEST DAVIESS CO WD	$1,378,708	$948,348	(c)	11/01/2007	water
*	77	NORTHERN KY WATER DISTRICT	$6,000,000	$6,000,000		06/05/2008	water
		TOTAL	**$8,598,703**	**$7,744,488**			
		PROJECTS APPROVED IN FY 2009:					
*	78	UNION, CITY OF	$1,147,500	$248,294	(c)	10/02/2008	sewer
		TOTAL	**$1,147,500**	**$248,294**			
		PROJECTS APPROVED IN FY 2010:					
*	79	BARDSTOWN, CITY OF	$1,800,000	$1,800,000		10/01/2009; 8/4/2011	industrial park transmission
*	80	BARDSTOWN, CITY OF	$5,050,000	$3,500,000		10/01/2009	water
		TOTAL	**$6,850,000**	**$5,300,000**			
		PROJECTS APPROVED IN FY 2011:					
*	81	Bracken Co Water District	$621,000	$621,000		03/03/2011	water main replacement
		TOTAL	**$621,000**	**$621,000**			
		PROJECTS APPROVED IN FY 2012:					
*	82	Warren Co Water District	$1,114,400	$823,900		10/06/2011	Buchanon Park Sewer Extension
*	83	Muninet Fiber Agency	$3,173,049	$3,173,049		02/02/2012	Cable Build Project #2
		TOTAL	**$4,287,449**	**$3,996,949**			
		KIA TOTALS	**$146,902,499**	**$89,000,723**			
		GRAND TOTALS (including KPAA)		**$121,025,723**			
		Funds committed; not issued:		**$32,440,884**			

bold, italics - pending board approval

* Bonds have not been sold for these projects.

** Withdrew from bond sale.

(s) - Amount represented in the assistance agreement.

(c) - Final Amount. Includes capitalized interest and Note Program costs.

(n) - Participating in BAN's

KENTUCKY INFRASTRUCTURE AUTHORITY
SAFE DRINKING WATER STATE REVOLVING FUND CFDA #66.468 ---- (FUND F)

AVAILABLE FUNDS FY 1997:	
FEDERAL TITLE VI GRANT FUNDS	$12,558,800
BOND PROCEEDS (20%)	$2,511,760
ADMINISTRATION (4%)	($502,352)
OTHER SET ASIDES (As Amended)	($1,928,773)
NET 97 SRF FUNDS	$12,639,435
AVAILABLE FUNDS FY 1998:	
FEDERAL TITLE VI GRANT FUNDS	$10,851,600
BOND PROCEEDS (20%)	$2,170,320
ADMINISTRATION (4%)	($434,064)
OTHER SET ASIDES	($1,085,160)
NET 98 SRF FUNDS	$11,502,696
AVAILABLE FUNDS FY 1999:	
FEDERAL TITLE VI GRANT FUNDS	$11,373,500
BOND PROCEEDS (20%)	$2,274,700
ADMINISTRATION (4%)	($454,940)
OTHER SET ASIDES	($808,335)
LAND ACQUISITION SET ASIDE	$357,500
NET 98 SRF FUNDS	$12,742,425
AVAILABLE FUNDS FY 2000:	
FEDERAL TITLE VI GRANT FUNDS	$11,820,400
BOND PROCEEDS (20%)	$2,364,080
ADMINISTRATION (4%)	($472,816)
OTHER SET ASIDES	($1,296,086)
LAND ACQUISITION SET ASIDE	$0
NET 00 SRF FUNDS	$12,415,578
AVAILABLE FUNDS FY 2001:	
FEDERAL TITLE VI GRANT FUNDS	$11,869,300
BOND PROCEEDS (20%)	$2,373,860
ADMINISTRATION (4%)	($474,772)
OTHER SET ASIDES	($1,913,832)
LAND ACQUISITION SET ASIDE	$252,130
NET 01 SRF FUNDS	$12,106,686
AVAILABLE FUNDS FY 2002:	
FEDERAL TITLE VI GRANT FUNDS	$9,805,100
BOND PROCEEDS (20%)	$1,961,020
ADMINISTRATION (4%)	($392,204)
OTHER SET ASIDES	($1,372,714)
NET 02 SRF FUNDS	$10,001,202
AVAILABLE FUNDS FY 2003:	
FEDERAL TITLE VI GRANT FUNDS	$9,746,200
BOND PROCEEDS (20%)	$1,949,240
ADMINISTRATION (4%)	($389,848)
OTHER SET ASIDES	($1,383,960)
NET 03 SRF FUNDS	$9,921,632
AVAILABLE FUNDS FY 2004:	
FEDERAL TITLE VI GRANT FUNDS	$10,110,200
BOND PROCEEDS (20%)	$2,022,040
ADMINISTRATION (4%)	($404,408)
OTHER SET ASIDES	($1,668,183)
NET 04 SRF FUNDS	$10,059,649
AVAILABLE FUNDS FY 2005:	
FEDERAL TITLE VI GRANT FUNDS	$10,088,800
BOND PROCEEDS (20%)	$2,017,760
ADMINISTRATION (4%)	($403,552)
OTHER SET ASIDES	($1,715,096)
NET 05 SRF FUNDS	$9,987,912
AVAILABLE FUNDS FY 2006:	
FEDERAL TITLE VI GRANT FUNDS	$8,630,300
BOND PROCEEDS (20%)	$1,726,060
ADMINISTRATION (4%)	($345,212)
OTHER SET ASIDES	($1,855,515)
NET 06 SRF FUNDS	$8,155,633
AVAILABLE FUNDS FY 2007:	
FEDERAL TITLE VI GRANT FUNDS	$8,630,000
BOND PROCEEDS (20%)	$1,726,000
ADMINISTRATION (4%)	($345,200)
OTHER SET ASIDES	($1,596,550)
NET 07 SRF FUNDS	$8,414,250
AVAILABLE FUNDS FY 2008:	
FEDERAL TITLE VI GRANT FUNDS	$8,543,000
BOND PROCEEDS (20%)	$1,708,600
ADMINISTRATION (4%)	($341,720)
OTHER SET ASIDES	($1,836,745)
NET 08 SRF FUNDS	$8,073,135
AVAILABLE FUNDS FY 2009:	
FEDERAL TITLE VI GRANT FUNDS	$8,543,000
BOND PROCEEDS (20%)	$1,708,600
ADMINISTRATION (4%)	($341,720)
OTHER SET ASIDES	($1,173,780)
NET 09 SRF FUNDS	$8,736,100
AVAILABLE FUNDS FY 2010:	
FEDERAL TITLE VI GRANT FUNDS	$19,592,000
BOND PROCEEDS (20%)	$3,918,400
ADMINISTRATION (4%)	($783,680)
OTHER SET ASIDES	($4,564,936)
NET 10 SRF FUNDS	$18,161,784
AVAILABLE FUNDS FY 2011:	
FEDERAL TITLE VI GRANT FUNDS	$13,379,000
BOND PROCEEDS (20%)	$2,675,800
ADMINISTRATION (4%)	($535,160)
OTHER SET ASIDES	($3,210,960)
NET 10 SRF FUNDS	$12,308,680
NET FY 97-11 SRF FUNDS	$165,226,797
CURRENT REVOLVING/SURPLUS FUND BALANCE	$ 35,462,573
2010A - Leverage	$0
BALANCE AVAILABLE FOR LOAN	**$ 466,480**

		TOTAL PROJECT AMOUNT	KIA LOAN AMOUNT		DATE APPROVED	COMMENTS
	PROJECTS APPROVED IN FY 2000					
1	HICKMAN, CITY OF	$52,500	$31,500	(s)	12/10/1999	F1
2	BOWLING GREEN, CITY OF	$3,441,785	$3,049,314	(c)	04/04/00	
3	PROVIDENCE, CITY OF	$130,880	$58,440	(c)	04/04/00	F1
4	GRAYSON, CITY OF	$170,000	$88,000	(c)	04/04/00	F1
	TOTALS	**$3,795,165**	**$3,227,254**			
	PROJECTS APPROVED IN FY2001					
5	PRINCETON, CITY OF	$3,858,000	$1,500,000	(c)	07/18/2000	
6	HARDINSBURG, CITY OF	$2,096,910	$500,000	(c)	07/18/2000	
7	PROVIDENCE, CITY OF	$3,442,422	$2,383,982	(c)	9/29/00	
8	SPRINGFIELD, CITY OF	$5,791,000	$610,000	(c)	8/29/00	
9	MOREHEAD, CITY OF	$13,325,000	$5,500,000	(c)	/00; Amd 5/16/01; Amd 5/1/03	Combined from 2 proj.
10	HICKMAN, CITY OF	$1,642,623	$869,023	(c)	9/29/00	
11	GREATER FLEMING CO REG WAT COM	$357,500	$357,500	(c)	12/21/00; 2/1/05	Land Acq Set Aside
12	ASHLAND, CITY OF	$2,512,626	$2,190,384	(c)	3/1/01	
13	GRAYSON COUNTY WATER DISTRICT	$4,400,000	$3,930,850	(c)	4/5/01	
14	PINEVILLE, CITY OF	$173,222	$173,222	(c)	5/3/01	
	TOTALS	**$37,599,303**	**$18,014,961**			
	PROJECTS APPROVED IN FY2002					
15	LOGAN/TODD REG WAT COM	$7,773,200	$6,442,400	(c)	07/12/01	
16	CRITTENDEN/LIVINGSTON CO WD	$1,500,000	$1,451,881	(c)	07/12/01	
17	BULLOCK PEN WATER DISTRICT	$408,088	$350,367	(c)	10/4/01	
18	MOUNTAIN WATER DISTRICT	$5,369,590	$1,197,072	(c)	10/4/01	
19	GRAYSON, CITY OF	$5,896,855	$2,808,855	(c)	11/1/01; 12/12/02 Exec Com	
20	LOGAN/TODD REG WAT COM	$27,369,858	$4,000,000	(c)	2/7/02	
21	NORTH LOGAN WATER DIST	$800,000	$447,000	(c)	3/7/02	
22	TAYLORSVILLE, CITY OF	$2,800,000	$1,241,766	(c)	5/2/02	
23	HOPKINSVILLE, CITY OF	$1,513,593	$1,513,593	(c)	6/6/02	
24	LOUISA, CITY OF	$6,736,238	$3,645,811	(c)	6/6/02	
25	BOONEVILLE, CITY OF	$687,000	$554,103	(c)	6/6/02	
	TOTALS	**$60,854,422**	**$23,652,849**			
	PROJECTS APPROVED IN FY2003					
26	MADISON CO UTILITY DISTRICT	$3,560,000	$3,299,999	(c)	7/11/02; 1/1/05	
27	BOWLING GREEN MUNICIPAL UTILITIES	$12,244,000	$3,980,000	(c)	9/25/02	
28	GREATER FLEMING REG WAT COMM	$252,130	$252,130	(c)	10/3/02	Land Acq Set Aside
29	BRACKEN CO WATER DISTRICT	$928,000	$928,000	(c)	10/3/02	
30	BULLOCK PEN WATER DISTRICT	$1,229,000	$1,210,604	(c)	12/12/02 Exec Com	
31	CITY OF ASHLAND	$14,459,550	$4,000,000	(c)	6/5/03	
	TOTALS	**$32,672,680**	**$13,670,733**			
	PROJECTS APPROVED IN FY2004					
32	CARROLL CO WATER DISTRICT	$1,956,156	$1,908,662	(c)	9/4/03	
33	PAINTSVILLE, CITY OF	$1,056,500	$500,000	(c)	9/4/03	F1
34	EDDYVILLE, CITY OF	$3,768,000	$1,563,625	(c)	11/6/03	
35	HARLAN, CITY OF	$5,020,000	$1,597,552	(c)	11/6/03	
36	GREATER FLEMING REG WAT COM	$13,059,330	$4,000,000	(c)	12/4/03; 1/8/04	
37	MEADE COUNTY WATER DISTRICT	$919,760	$394,760	(c)	12/4/03	
38	HENDERSON WATER UTILITY	$1,541,362	$0		2/12/04	withdrawn
	TOTALS	**$27,321,108**	**$9,964,599**			
	PROJECTS APPROVED IN FY2005					
39	MCCREARY CO WATER DISTRICT	$4,206,815	$1,455,400	(c)	10/7/04	
40	MANCHESTER, CITY OF	$359,500	$359,500	(c)	3/3/05	F1
41	RICHMOND, CITY OF	$14,690,222	$8,000,000	(c)	5/5/05	
	TOTALS	**$19,256,537**	**$9,814,900**			
	PROJECTS APPROVED IN FY 2006					
42	HARDINSBURG, CITY OF	$14,498,150	$4,400,000	(c)	12/1/05; amd 8/1/07	
43	COLUMBIA-ADAIR CO WAT COM	$14,000,000	$4,520,000	(c)	6/1/06	
44	HOPKINSVILLE, CITY OF	$6,844,310	$4,000,000	(c)	6/1/06	
	TOTALS	**$35,342,460**	**$12,920,000**			

		TOTAL PROJECT AMOUNT	KIA AMOUNT		DATE APPROVED	COMMENTS
	PROJECTS APPROVED IN FY 2007					
45	NORTHERN KY WATER DISTRICT	$6,865,000	$4,000,000	(c)	10/5/06	
46	ADAIR CO WATER DISTRICT	$3,302,000	$1,000,000	(c)	6/21/07	
47	JESSAMINE SOUTH ELKHORN WD	$1,750,000	$1,750,000		6/21/07	
	TOTALS	**$11,917,000**	**$6,750,000**			
	PROJECTS APPROVED FY 2008					
48	LETCHER CO WAT & SEW DISTRICT	$1,193,000	$781,000	(c)	10/4/07	
49	RICHMOND, CITY OF	$7,108,951	$4,000,000	(c)	10/4/07	
50	MADISON CO UTILITY DIST	$1,284,510	$1,105,016	(c)	11/1/07; 10/9/08	
52	NICHOLASVILLE, CITY OF	$13,090,400	$8,800,000	(c)	11/1/07; 4/1/09	
53	BULLOCK PEN WATER DISTRICT	$2,320,700	$2,192,700	(c)	12/6/07	
54	HARDINSBURG, CITY OF	$4,165,000	$1,999,250	(c)	12/6/07	
55	BEREA, CITY OF	$9,739,630	$5,000,000	(c)	2/7/08; inc 11/6/08	
56	FRANKFORT, CITY OF	$6,841,000	$6,841,000		2/7/08	
57	MANCHESTER, CITY OF	$7,849,078	$1,989,578	(c)	2/7/08; 2/5/09	
58	MEADE CO WATER DISTRICT	$2,480,949	$753,447	(c)	2/7/08	
59	WESTERN FLEMING WATER DISTRICT	$2,568,000	$2,518,000		2/7/08	
60	HOPKINSVILLE, CITY OF	$14,000,000	$8,800,000		3/6/08; 5/7/09; 12/1/11	
61	NORTHERN KY WATER DISTRICT	$6,565,000	$4,000,000		3/6/08	
62	OHIO CO WATER DISTRICT	$19,698,500	$5,000,000		3/6/08; 6/4/09	
63	CENTERTOWN, CITY OF	$2,866,652	$1,097,430		3/6/08; 6/25/09	
	TOTALS	**$101,771,370**	**$54,877,421**			
	PROJECTS APPROVED FY2009					
64	PAINTSVILLE, CITY OF	$29,135,364	$6,519,566		12/4/08	
	TOTALS	**$29,135,364**	**$6,519,566**			
	PROJECTS APPROVED FY2010					
65	PADUCAH, CITY OF	$7,510,000	$7,500,000		9/3/09	
66	HARDINBURG, CITY OF	$4,700,500	$3,251,590		11/12/09	
67	NORTHERN KY WATER DISTRICT	$45,300,000	$24,000,000		12/3/09; 12/9/10; 10/6/11	
68	Columbia Adair Water Commission	$1,694,000	$1,694,000		6/3/10	
	TOTALS	**$59,204,500**	**$36,445,590**			
	PROJECTS APPROVED FY2011					
69	Adair Co Water District	$4,133,000	$4,000,000		7/1/10	
70	Louisa, City of	$1,700,000	$1,700,000		7/1/10	
71	Madison County Utilities District	$940,225	$940,225		12/9/10	
72	Hardinsburg, City of	$4,198,000	$4,000,000		2/3/11	
73	Williamstown, City of	$2,250,000	$2,250,000		3/3/11	
74	Bullock Pen Water District	$1,633,000	$1,633,000		4/7/11	
75	Brandenburg, City of	$3,080,000	$2,080,000		4/7/11	
76	Barbourville, City of	$6,000,000	$4,000,000		5/5/11	
77	Barlow, City of	$230,000	$230,000		5/5/11	
78	West Liberty, City of	$3,050,300	$3,050,300		5/5/11	
	TOTALS	**$27,214,525**	**$23,883,525**			
	PROJECTS APPROVED FY2012					
79	Breathitt Co Water District	$2,500,000	$2,500,000		7/7/11	
80	Adair Co WD dba Columbia Adair Utilities	$3,439,000	$1,500,000		8/4/11	
81	Jessamine South Elkhorn WD	$3,025,300	$3,025,300		11/10/11	
82	Hodgenville, City of	$774,183	$774,183		11/10/11	
83	East Casey County WD	$1,545,000	$1,545,000		11/10/11	
84	Nicholasville, City of	$6,351,000	$4,000,000		11/10/11	
85	Harrodsburg, City of	$438,000	$438,000		12/8/11	
86	Bowling Green Municipal Utilities	$1,316,378	$1,316,378		12/8/11	
87	Carrollton, City of	$1,850,270	$1,850,270		12/8/11	

		TOTAL PROJECT AMOUNT	KIA AMOUNT	DATE APPROVED	COMMENTS
	PROJECTS APPROVED IN FY 2012 (Continued)				
88	Mount Vernon, City of	$2,600,000	$2,600,000	1/5/12	
89	Lyon Co WD	$2,000,000	$2,000,000	1/5/12	
90	***Campbellsville, City of***	***$1,875,000***	***$1,875,000***	***3/1/12***	
91	***Centertown, City of***	***$922,850***	***$922,850***	***3/1/12***	
92	***Sturgis, City of***	***$4,000,000***	***$3,000,000***	***3/1/12***	
	TOTALS	**$32,636,981**	**$27,346,981**		
	GRAND TOTALS - COMMITMENTS	**$478,721,415**	**$247,088,379**		

bold, italics - pending board approval

(c) - Final amounts; Loan has been closed

(s) - Amount represented in the assistance agreement

(F1) - Planning and Design Loan

KENTUCKY INFRASTRUCTURE AUTHORITY
SAFE DRINKING WATER STATE REVOLVING FUND CFDA #66.468 ---- (FUND F2)
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

AVAILABLE FUNDS FFY 2009:	
FEDERAL ARRA GRANT FUNDS	$20,450,000
ADMINISTRATION (4%)	($818,000)
OTHER SET ASIDES	($715,750)
NET ARRA FUNDS	$18,916,250

		TOTAL PROJECT AMOUNT	KIA AMOUNT		FIRST USE FUNDS	DATE APPROVED
	PROJECTS APPROVED IN SFY 2009:					
1	CENTERTOWN, CITY OF	$2,866,652	$222,606		$222,606	6/25/09
2	SPRINGFIELD, CITY OF	$4,000,000	$947,901	(c)	$947,901	6/25/09
	TOTALS	**$6,866,652**	**$1,170,507**		**$1,170,507**	
	PROJECTS APPROVED IN SFY 2010:					
3	BREATHITT CO WATER DISTRICT	$1,322,000	$572,000	(c)	$572,000	7/9/09; 11/24/09
4	WHITESBURG, CITY OF	$171,840	$171,794	(c)	$171,794	7/9/09
5	MCKEE, CITY OF	$1,100,000	$1,099,903	(c)	$1,099,903	8/6/09
6	BLACK MTN UTILITY DISTRICT	$2,650,000	$500,000	(c)	$500,000	8/6/09
7	ELKTON, CITY OF	$174,800	$174,374	(c)	$174,374	8/20/09
8	BLUEGRASS STATION	$3,498,452	$1,900,000		$1,900,000	8/20/09
9	DAWSON SPRINGS, CITY OF	$2,120,000	$2,120,000	(c)	$2,120,000	8/20/09
10	BURKESVILLE, CITY OF	$1,153,000	$1,153,000	(c)	$1,153,000	9/3/09
11	LOUISVILLE WATER COMPANY	$18,508,832	$4,173,200		$4,173,200	9/3/09; 2/4/10
12	JACKSON, CITY OF	$1,500,000	$1,500,000	(c)	$1,500,000	9/3/09
13	PRESTONBURG, CITY OF	$805,000	$805,000	(c)	$805,000	10/1/09
14	WINCHESTER, CITY OF	$1,100,000	$741,450	(c)	$741,450	10/1/09
15	CAMPTON, CITY OF	$6,966,088	$683,200		$683,200	10/1/09
16	WESTERN MASON WATER DISTRICT	$578,000	$500,000	(c)	$500,000	10/1/09
17	GREENUP, CITY OF	$2,915,099	$1,590,604		$1,590,604	11/12/09
	TOTALS	**$44,563,111**	**$17,684,526**		**$17,684,526**	
	GRAND TOTALS - COMMITMENTS	**$51,429,763**	**$18,855,033**		**$18,855,033**	
	BALANCE AVAILABLE FOR LOAN				**$61,217**	

bold, italics - pending board approval
(c) - Final amounts; Loan has been closed
(s) - Amount represented in the assistance agreement